INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF IDFC LIMITED

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

1. We have audited the accompanying consolidated financial statements of IDFC Limited (hereinafter referred to as the 'Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), its associates and joint ventures(refer Note 2 to the attached consolidated financial statements), which comprise the consolidated Balance Sheet as at March 31, 2019,and the consolidated Statement of Profit and Loss (including Other Comprehensive Income) , the consolidated Statement of Changes in Equity and the consolidated Cash Flow Statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as "the consolidated financial statements").

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and, except for the effect of the matter described in the Basis for Qualified Opinion section below, give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associates and joint ventures as at March 31, 2019, of consolidated total comprehensive income (comprising of loss and other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Qualified Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, its associates and joint ventures in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by ICAI and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraphs24, 25 and 27of the Other Matters paragraph below, other than the unaudited financial statements/ financial information as certified by the management and referred to in sub-paragraph 26of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified opinion.

4. We draw your attention to Note 45(c)to the consolidated financial statements regarding payment of interim dividend by IDFC Financial Holding Company (a wholly owned subsidiary) to the Holding Company to the extent of INR 120.99 crore during the year, which is not in accordance with the provisions of section 123 of the Act.

Emphasis of Matter

5. In respect to IDFC Foundation (a subsidiary of the Holding Company), we draw your attention to Note 45(b) to the Consolidated Financial Statement regarding non laying of Consolidated Financial Statements for the year ended March 31, 2018 in the Annual General Meeting held on September 28, 2018 as required under Section 129(3) of the Act and consequent to which there is a non-compliance with the provisions of Section 137(1) of the Act to the extent this section is applicable to the consolidated financial statements. The consequential impact of these non-compliances is presently not ascertainable pending disposal of application filed by IDFC Foundation for compounding of these contraventions before the Regional Director.

6. In respect IDFC Financial Holding Company Limited (IDFC FHCL) (a subsidiary of the Holding Company), we draw your attention to Note 45(d) to the Consolidated Financial Statement regarding non-compliance with section 203 of the Act read with Rule 8 of Companies (Appointment and Remuneration of Managerial Personnel) Rules,2014. IDFC FHCL has not appointed Key Managerial Personnel (Managing Director / CS / Chief Executive Officer / Manager) and Chief Financial Officer during the year ended March 31, 2018 and March 31, 2019. Subsequent to the year end, the Board of Directors of IDFC FHCL have appointed the Chief Financial Officer and the Company secretary and has recommended appointment of Chief Executive Officer which is subject to approval of Reserve Bank of India and accordingly, is in the process of taking necessary actions to ensure compliance with the respective provisions of the Act.

7. In respect of IDFC Alternatives Limited, IDFC Trustee Company Limited and IDFC Projects Limited (subsidiaries of the Holding Company), we draw attention to Note 45(a) to the Consolidated Financial Statement regarding preparation of the financial statements of these companies on a realisable value basis, pursuant to the Group's decision to discontinue the operations of these companies.

8. We draw attention to following paragraph included in the audit report on the consolidated special purpose financial information of IDFC FIRST Bank Limited (an associate of the Holding Company), its subsidiary and its associate, issued by an independent firm of chartered accountants vide its report dated May 28,2019:

   "We draw attention to Note 4 of the Reporting Package, which explains the accounting of the merger of Capital First Limited and its wholly owned subsidiaries, Capital First Home Finance Limited and Capital First Securities Limited (the "CFL Group") with the Bank ('IDFC - CFL Merger') approved by the Reserve Bank of India, the Competition Commission of India, the Securities and Exchange Board of India, Stock Exchanges, the respective Shareholders and Creditors of each entities and the National Company Law Tribunal ('NCLT'), resulting in recognition and accelerated amortization of Intangible assets through Profit and Loss Account during the year ended 31 March 2019."

   Note 4 as described above corresponds to Note 45(e) of the Statement.

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

Key Audit Matters

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

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
I. Assessment of valuation of investments measured at fair value for which no listed price in an active market is available (Refer to note 7 to the financial statements.) The Company has Investments amounting to ₹ 1,045.22 crore valued on fair value, where no listed price in an active market is available. The corresponding fair value change is recognised in accordance with related Accounting Standard (Ind-AS 109). In measuring these Investments, valuation methods are used based on inputs that are not directly observable from market and certain other unobservable inputs. The Management has also used the services of an independent professional valuer. Key inputs used in the valuation of above investments are cash flow projections, market multiples and growth rate, terminal rate, discount rate. The valuation of these assets is important to our audit as it is highly dependent on estimates (various assumptions and techniques used) which contain assumptions that are not observable in the market. Given the inherent subjectivity in the valuation of the above investments, relative significance of these investments to the financial statements and the nature and extent of audit procedures involved, we determined this to be a key audit matter.	The following procedures were performed by us, to test the valuation of certain types of investments – • We understood and tested the design and operating effectiveness of the Company's control over the assessment of valuation of investments. • We evaluated the independence, competence, capabilities and objectivity of Management's expert. • We evaluated together with the auditor's expert the reasonableness of the valuation methodology and underlying assumptions relating to cash flow projections, market multiples and growth rate, discount rate used by the independent professional valuer to estimate the fair value of investments. • We validated the source data on sample basis and tested the arithmetical accuracy of the calculation of valuation of investments. • We performed sensitivity analysis and evaluating whether any reasonably foreseeable change in assumptions We assessed the adequacy of the disclosures in the financial statements Based on our above audit procedures we consider that the management's assessment of the investment for which no listed price in an active market is available is reasonable.

10. The following Key Audit Matters were included in the audit report dated May 23, 2019,containing an unmodified audit opinion on the financial statements of IDFC Infrastructure Finance Limited(an associate of the Holding Company), issued by us and reproduced by us as under:

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
I. Assessment of tax position in view of pending application with CBDT for notification of tax exemption under section 10(47) is under process. (Refer to note45(f)to the financial statements) The Company has filed an application with the Central Board of Direct Taxes (CBDT) seeking exemption under section 10(47) of Income-tax Act, 1961 (the "IT Act") on March 17, 2015, contending that it is exempt under the said section being an Infrastructure Debt Fund Non-Banking Financial Company (IDF-NBFC) registered with the Reserve Bank of India (RBI). One of the conditions to obtain the exemption under section 10(47) is to comply with relevant Guidelines and directions issued by RBI including those related adherence to the sponsor holding guidelines limits. Based on the facts and tax consultant's advice obtained, the Management has concluded that in view of adherence to the relevant RBI Guidelines, the Company continues to be entitled to seek tax exemption under section 10(47) of the IT Act. We considered this as a key audit matter given the application with CBDT for notification of tax exemption under section 10(47) is under process.	The audit procedures performed by us to check the exemption under section 10(47) and application to CBDT for notification: • We understood, assessed and tested the design and operating effectiveness of internal controls around assessment of tax position with respect to application of section 10(47). • We along with our auditor's expert, : ♦ analysed, the management representation and the external tax consultant's opinions obtained by the management; ♦ evaluated the rational provided by the Company and by the assessing authority against the Company, the similar tax legislation, the verdict of the tax court in similar matters and existing jurisprudence to assess the appropriateness of the tax position; ♦ evaluated the income tax assessment orders received by the Company for earlier assessment years. • We also assessed the independence, objectivity, competence and capabilities of the tax consultant engaged by the management • We assessed the adequacy of the disclosures in the financial statements. Based on the above procedures performed, we did not identify any significant exceptions to the management's assessment of tax position in view of pending application with CBDT for notification of tax exemption under section 10(47) of the Income Act, 1961.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
II. Impairment of loans and advances: (Refer to note 49.3to the financial statements) The loan balances and the associated impairment allowances are significant to the financial statements and also involves judgement around the calculation of the impairment allowance. Impairment allowances represent management's estimate of the losses incurred within the loan portfolios at the balance sheet date and are inherently judgmental. Impairment, based on Expected Credit Loss (ECL) model, is calculated using two main variables viz. 'Probability of Default' and 'Loss Given Default' as specified under the related Accounting Standard (Ind-AS 109). Quantitative factors like days past due and macro-economic data points and qualitative factors like deterioration in credit quality, reduction in the value of security, uncertainty over realisability of security, nature of loan etc. and related RBI notifications have been taken into account in the ECL computation. There is an inherent risk that qualitative triggers relating to impairment may not be identified on a timely basis. Given the inherent judgmental nature and the complexity of audit procedures involved, we determined this to be a key audit matter.	The audit procedures performed by us to check the impairment allowance on loans include the following: • We understood and tested the design and operating effectiveness of the key controls over the completeness and accuracy of the key inputs and assumptions into the impairment models, the identification of impaired loans and key systems reconciliations. • We, along with the help of our auditor's expert, validated the appropriateness of the Company's impairment methodologies used to derive significant variables viz. probability of Default, Loss Given Default, Exposure at default and Staging of Loan etc. • We also checked the completeness and accuracy of source data used and tested the reasonableness of the key assumptions. • We recomputed the impairment provision for sample of loans across the portfolio, to ensure arithmetical accuracy and compliance with the requirements of related accounting standard (Ind-AS 109) used in the ECL computation. Based on the procedures performed above, we considered the credit impairment charge and provision recognized by the management to be reasonable.
III. Interest income computed using Effective Interest Rate (EIR) method: (Refer to Note 2(e)to the financial statements) The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets, other than credit-impaired assets. The EIR is the rate that discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance). The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees paid or received that are integral to the EIR, such as origination fees.	The audit procedures performed by us to check the interest income computed using EIR method include the following: • We understood and tested the design and operating effectiveness of the Company's spreadsheet controls over computation of EIR. • We considered the expertise of the Company's personnel reviewing the interest income computed using EIR method. • We recomputed the interest income for sample of loans across the portfolio, to ensure arithmetical accuracy and compliance with the requirements of related accounting standards (Ind-AS 109). • We, along with the help of our auditor's expert, validated the appropriateness of the Company's EIR methodologies used to compute the interest income. Based on the procedures performed above, we considered the interest income using EIR method, recognized by the management, to be reasonable.

Other Information

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

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

13. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and the reports of the other auditors as furnished to us (Refer paragraphs24, 25 and 27below), we conclude that there is a material misstatement of this other information, we are required to report that fact.

    We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

14. The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows, and changes in equity of the Group including its associates and jointly controlled entities in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

15. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for assessing the ability of the Group and of its associates and joint ventures to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

16. The respective Board of Directors of the companies included in the Group and of its associates and jointly ventures are responsible for overseeing the financial reporting process of the Group and of its associates and joint ventures.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

    - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

    - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

    - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates and joint ventures to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and joint ventures to cease to continue as a going concern.

    - Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

    - Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates and joint ventures to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

19. We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

20. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Other Matters

22. The transition date opening balance sheet as at April 1, 2017 included in these consolidated financial statements, are based on the previously issued statutory consolidated financial statements for the year ended March 31, 2017 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by the predecessor auditor, who expressed an unmodified opinion vide their report dated April 27, 2017. The adjustments to those consolidated financial statements for the differences in accounting principles adopted by the Group on transition to the Ind-AS have been audited by us.

23. The comparative financial statements of the Group for the year ended March 31, 2018 included in this consolidated financial statements, are based on the previously issued statutory consolidated financial statements for the year ended March 31, 2018 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by us, on which we expressed an unmodified opinion dated April 27, 2018. The adjustments to those consolidated financial statements for the differences in accounting principles adopted by the Group on transition to the Ind-AS have been audited by us.

24. We did not audit the financial statements/financial information of two subsidiaries considered in the preparation of the consolidated financial statements and which constitute total assets of ₹ 86.54 crore and net assets of ₹ 84.31 crore as at March 31, 2019 and total revenue of ₹ 3.85 crore and total comprehensive income (comprising of profit and other comprehensive income) of ₹ 1.85 crore and net cash flows amounting to ₹ 13.76 crore, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of total comprehensive income (comprising of profit and other comprehensive income) of ₹ 6.42 crore for the year ended March 31, 2019 as considered in the consolidated financial statements in respect of one joint venture, whose financial statements/financial information have not been audited by us. These financial statements/financial information have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the consolidated financial statements insofar as it relates to the amount included in respect of these subsidiaries and joint venture, is based solely on the report of other auditors.

25. We did not audit the financial information of one associate company, whose financial information reflect Group's share of total comprehensive income (comprising of loss and other comprehensive income) of ₹ 891.65 crore for the year ended March 31, 2019. This financial information has been audited by other auditor whose unmodified report have been furnished to us by the Management. As mentioned by the other auditors in their report, this financial information have been prepared as per the recognition and measurement principles of Ind-AS to the extent not contradicting with the provisions of the Banking Regulation Act, 1949 in relation to accelerated amortisation of intangible assets as detailed in Note45(e) in the consolidated financial statements, and our opinion on the consolidated financial statements insofar as it relates to the amount included in respect of this associate, is based solely on the report of other auditor.

26. We did not audit the financial statements/financial information of one subsidiary, whose financial statements/ financial information reflect total assets of ₹ 0.03 crore and net liabilities of ₹ 1.02 crore as at March 31, 2019, total revenue of ₹ Nil, total comprehensive income (comprising of loss and other comprehensive income) of ₹ 0.17 crore and net cash flows amounting to ₹ Nil 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 total comprehensive income (comprising of profit and other comprehensive income) of ₹ 2.73 crore for the year ended March 31, 2019 as considered in the consolidated financial statements, in respect of two associate companies, whose financial statements/financial information have not been audited by us. These financial statements/ financial information are unaudited and have been furnished to us by the Management, and our opinion on the consolidated financial statements insofar as it relates to the amounts and disclosures included in respect of this subsidiary and associate companies, is based solely on such unaudited financial statements/financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements/ financial information are not material to the Group.

27. The financial statements of four subsidiaries located outside India, included in the consolidated financial statements, which constitute total assets of ₹ 236.58 crore and net assets of ₹ 235.28 crore as at March 31, 2019, total revenue of ₹ 24.78 crore, total comprehensive income (comprising of profit and other comprehensive income) of ₹ 9.60 crore and net cash flows amounting to ₹ 37.67 crore for the year then ended, have been prepared in accordance with accounting principles generally accepted in their respective countries and have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries located outside India from the accounting principles generally accepted in their respective countries to the accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding 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 Holding Company and audited by us.

28. We draw attention to following paragraphs included in the audit report on the consolidated special purpose financial information of IDFC FIRST Bank Limited (an associate of the Holding Company) and its subsidiary and its associate, issued by an independent firm of chartered accountants vide its report dated May 28,2019:

    i. "The Reporting Package also include the Group's share of net loss of ₹ 28 crore for the year ended 31 March 2019, as considered in the Reporting Package, in respect of one associate, 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 Reporting Package, in so far as it relates to the amounts and disclosures included in respect this associate, 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 information statements are not material to the Group."

ii. "We did not audit the financial statements of one subsidiary, whose financial statements reflect total assets of ₹ 205 crore as at 31 March 2019 and total revenues of ₹ 262 crore for the year ended on that date, as considered in the Reporting Package. These financial statements have been audited by other auditors whose report has been furnished to us by the Management and our opinion on the Reporting Package, in so far as it relates to the amounts and disclosures included in respect this subsidiary, is based solely on the report of the other auditors."

iii. "The comparative financial information for the year ended 31 March 2018 in respect of its subsidiary and the related transition date opening balance sheet as at 1 April 2017 prepared in accordance with the GRI, accounting policies approved by the Board of Directors of the Bank, as per the recognition and measurement principles of Ind-AS and other accounting principles generally accepted in India and included in this reporting package has been audited by other auditors, whose reports have been furnished to us by the Management and in so far as it relates to the comparative amounts included in respect of this subsidiary in this reporting package, is based solely on the reports of the other auditors."

iv. "The comparative financial information of the Group for the year ended 31 March 2018, which includes its share of loss in its associates and the related transition date opening balance sheet as at 1 April 2017 included in this reporting package, whose financial statements have not been audited by us. These financial statements are unaudited and have been furnished to us by the Management and have been prepared after adjusting the previously issued consolidated financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 to comply with Ind-AS. 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 Adjustments made to the previously issued consolidated financial statements to comply with Ind-AS have been audited by us."

v. "The audit of special purpose financial information of Capital First Limited and its subsidiaries Capital First Home Finance Limited and Capital First Securities Limited (together referred to as "the CFL Group") as at and for the period ended 30 September 2018, as considered for the merger accounting as on the appointed date, was carried out by the statutory auditors of the CFL Group."

29. In respect of the consolidated special purpose financial information of Infrastructure Development Corporation (Karnataka) Limited (iDeCK) (a jointly controlled entity of the Holding Company), we draw attention to the following:

i. We did not audit the financial statements and the financial information of a Trust (subsidiary controlled by iDeCK), whose financial statements reflect total assets of ₹ 0.19 crore and net assets of ₹ 0.16 crore as at March 31, 2019, total revenue of ₹ 0.04 crore, total comprehensive income (comprising of profit and other comprehensive income) of ₹ 0.01 crore and net cash outflows of ₹ 0.01 for the year ended on that date and consequently due to Holding Company's joint control over iDeCK, reflecting Group's share of total comprehensive income (comprising of loss and other comprehensive income) of ₹ 0.005 crore, as considered in the Statement. This financial information has been audited by another auditor whose report has been furnished to us by the Management of the iDeCK and our opinion on the Statement in so far as it relates to the amounts and disclosures included in respect of the said Trust is based solely on the report of the other auditor.

ii. We did not audit the financial information of one associate company of iDeCK, whose financial information reflect Group's share of total comprehensive income (comprising of loss and other comprehensive income) of ₹ 0.06 crore for the year ended March 31, 2019. This financial information is based on the unaudited financial information as certified and provided to us by the management of iDeCK, and our opinion on the Statement insofar as it relates to the amounts and disclosures included in respect of this associate company of iDeCK, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management of the Holding Company, these financial statements/ financial information are not material to the Group.

iii. The comparative Consolidated Special Purpose Financial Information of iDeCK for the year ended March 31, 2018 and the transition date Consolidated Opening Balance Sheet as at April 1, 2017 included in the Consolidated Special Purpose Financial Information of iDeCK, are based on the previously issued statutory consolidated financial statements for the years ended March 31, 2018 and March 31, 2017 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended). The previously issued statutory consolidated financial statements of iDeCK for the year ended March 31, 2018 prepared in accordance with the Companies (Accounting Standard) Rules, 2006 (as amended) were audited by us, on which we expressed an unmodified opinion dated June 29, 2018. The previously issued statutory consolidated financial statements of iDeCK for the year ended March 31, 2017, prepared in accordance with the Companies (Accounting Standard) Rules, 2006 (as amended), were audited by the predecessor auditor who expressed an unmodified opinion dated June 21, 2017. The adjustments to those consolidated financial statements of iDeCK for the differences in accounting principles adopted by iDeCK on transition to the Ind-AS in respect of the standalone financial information of iDeCK, have been audited by us and in respect of the Trust, are based on the financial statements audited by the other auditor, whose report have been furnished to us by the Management of iDeCK, and in respect of the associate company of iDeCK, are based on the unaudited financial information as certified and provided to us by the management of iDeCK.

30. We draw attention to following paragraphs included in the audit report on the special purpose financial information of Delhi Integrated Multi-Modal Transit System Limited (a joint venture of the Holding Company) and its branches, issued by an independent firm of chartered accountants vide its report dated May 27,2019:

"We have incorporated the unaudited financial statements/ information of one branch included in the standalone Ind-AS financial statements of the company whose financial statements/financial information reflect total assets of ₹ 381.27 Lacs as at 31st March 2019 and the total revenue of ₹ 370.50 Lacs for the year ended on that date."

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

Report on Other Legal and Regulatory Requirements

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

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

(b) In our opinion, except for the matter described in the Basis for Qualified Section above, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account and records maintained for the purpose of preparation of the consolidated financial statements.

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

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2019 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, associate companies and joint venture companies incorporated in India, none of the directors of the Group companies, its associate companies and jointly controlled companies incorporated in India is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.

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

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

i. The consolidated financial statements disclose the impact, if any, of pending litigations on the consolidated financial position of the Group, its associates and joint ventures– Refer Note 41to the consolidated financial statements.

ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts as at March 31, 2019 – Refer (a) Note 49.3 to the consolidated financial statements in respect of such items as it relates to the Group, its associates and joint ventures and (b) the Group's share of net profit/loss in respect of its associates.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies, associate companies and joint venture companies incorporated in India.

iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Group for the year ended March 31, 2019.

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

Russell I Parera
Partner
Membership Number: 42190
Mumbai I May 29, 2019

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 31(f) of the Independent Auditors' Report of even date to the members of IDFC Limited on the consolidated financial statements for the year ended March 31, 2019

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

1. In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2019, we have audited the internal financial controls with reference to consolidated financial statements of IDFC Limited (hereinafter referred to as "the Holding Company")and its subsidiaries, its associate companies and joint ventures which are companies incorporated in India, as of that date. Reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls over financial reporting is not applicable to three subsidiaries and one joint venture incorporated in India namely IDFC IEH Conservative Fund,IDFC IEH Tactical Fund, India Multi Avenues Fund Limited and India PPP Capacity Building Trust, pursuant to MCA notification GSR 583(E) dated June 13, 2017as these are entities other than Companies.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the"Guidance Note") issued by the ICAI and the Standards on Auditing deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

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

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor in terms of their report referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company's internal financial controls system with reference to consolidated financial statements.

Meaning of Internal Financial Controls with reference to consolidated financial statements

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

Inherent Limitations of Internal Financial Controls With reference to consolidated financial statements

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

Opinion

8. In our opinion, the Holding Company, its subsidiaries, its associate companies and joint ventures, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2019, based on the internal control with reference to consolidated financial statements criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

9. Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements insofar as it relates to two subsidiaries, one associate company and one joint venture, which is a company incorporated in India, is based on the corresponding report of the auditor of such company incorporated in India. Our opinion is not modified in respect of this matter.

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

Russell I Parera
Partner
Membership Number: 42190

Mumbai I May 29, 2019

BALANCE SHEET

AS AT MARCH 31, 2019

(₹ in crore)

	Notes	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
ASSETS				
Financial assets				
Cash and cash equivalents	3	150.09	307.05	598.27
Bank balances other than cash and cash equivalents	4	113.93	89.04	88.65
Derivative financial instruments	15	1.66	0.32	-
Receivables				
(i) Trade receivables	5A	13.64	22.24	44.04
(ii) Other receivables	5B	2.94	4.43	4.88
Loans	6	-	4,190.31	2,657.40
Investments	7			
- Accounted for using equity method		7,628.00	8,139.99	7,708.25
- Others		1,045.27	1,239.08	843.12
Other financial assets	8	63.05	58.20	68.81
Non-financial assets				
Income tax assets (net)	9	81.69	114.28	69.63
Deferred tax assets (net)	10	-	15.31	6.74
Property, plant and equipment	11	102.63	120.42	121.43
Intangible asset under development		-	0.43	-
Goodwill	12	779.17	1,146.39	1,146.39
Other intangible assets	12	3.07	3.54	2.66
Other non-financial assets	13	66.33	89.58	55.73
Contract asset	14	59.28	61.72	-
Assets directly associated with disposal group classified as held for sale	36	447.12	-	-
Total assets		10,557.87	15,602.33	13,416.00
LIABILITIES AND EQUITY				
LIABILITIES				
Financial liabilities				
Derivative financial instruments	15	0.08	-	1.45
Payables				
(I) Trade payables	16A			
(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		20.97	119.17	104.96
(II) Other payables	16B			
(i) total outstanding dues of micro enterprises and small enterprises		-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		3.63	9.13	18.55
Debt securities	17	-	3,543.60	2,302.94
Other financial liabilities	18	3.57	140.40	71.89
Non-financial Liabilities				
Income tax liabilities (net)	19	18.35	26.05	25.09
Provisions	20	14.44	31.43	37.71
Deferred tax liabilities (net)	21	13.12	237.79	143.56
Other non-financial liabilities	22	54.26	62.53	29.55
Liabilities directly associated with disposal group classified as held for sale	36	16.13	-	-
EQUITY				
Equity share capital	23 A	1,596.36	1,596.35	1,595.94
Other equity	23 B	8,788.45	9,679.61	8,965.79
Equity attributable to owners of IDFC Limited		10,384.81	11,275.96	10,561.73
Non-controlling interests (NCI)		28.51	156.27	118.55
Total liabilities and equity		10,557.87	15,602.33	13,416.00

See accompanying notes to the consolidated financial statements.

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

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

Russell I Parera
Partner
Membership Number : 42190

Mumbai, May 29, 2019

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

Vinod Rai
Non-Executive Chairman
(DIN: 00041867)

Sunil Kakar
Managing Director & CEO
(DIN: 03055561)

Mahendra N. Shah
Company Secretary
(PAN: ABRPS7427F)

Bipin Gemani
Chief Financial Officer
(PAN: AACPG6412A)

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2019

(₹ in crore)

	Notes	Year ended March 31, 2019	Year ended March 31, 2018
REVENUE FROM OPERATIONS			
Interest income	24	14.73	16.84
Net gain on fair value changes	25	31.32	128.04
Fees income		309.09	474.67
Dividend income	26	0.33	0.17
Total revenue from operations		355.47	619.72
Other income	27	162.67	50.42
Total income		518.14	670.14
Expenses			
Finance costs	28	4.80	0.58
Impairment on financial instruments	29	38.80	16.38
Employee benefits expenses	30	139.06	150.88
Depreciation, amortisation and impairment	31	13.93	12.68
Other expenses	32	175.90	244.64
Total expenses		372.49	425.16
Profit/(Loss) before share of net profits of investments accounted for using equity method and tax		145.65	244.98
Share of net profit/(loss) of associates and joint ventures accounted for using equity method		(845.97)	732.24
Profit/(Loss) before tax from continuing operations		(700.32)	977.22
INCOME TAX EXPENSE:			
- Current tax		73.42	48.89
- Deferred tax		(192.49)	148.37
- Tax adjustment for prior years		(29.39)	0.29
Total tax expense		(148.46)	197.55
Profit/(Loss) from continuing operations		(551.86)	779.67
DISCONTINUED OPERATIONS			
Profit/(loss) from discontinued operations		(234.28)	118.58
Income tax expense of discontinued operations		35.19	13.66
Net profit/(loss) from discontinued operations		(269.47)	104.92
Profit/(loss) for the year		(821.33)	884.59
Other comprehensive income (‘OCI’)			
Items that will be reclassified to profit or loss			
- Share of OCI of associates and joint ventures accounted for using equity method		35.68	0.82
- Income tax relating to these items		(7.23)	(0.17)
Items that will not be reclassified to profit or loss			
- Remeasurements of post-employment benefit obligations		(3.55)	0.04
- OCI arising from discontinued operation		(2.27)	(0.69)
- Share of OCI of associates and joint ventures accounted for using equity method		(78.51)	(145.33)
- Income tax relating to these items		17.04	29.38
Other Comprehensive Income (Net Of Tax)		(38.84)	(115.95)
Total comprehensive income		(860.17)	768.64

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2019

(₹ in crore)

	Notes	Year ended March 31, 2019	Year ended March 31, 2018
Net Profit/(Loss) is attributable to:			
- Owners		(839.18)	869.15
- Non-controlling interests		17.85	15.44
Other comprehensive income is attributable to:			
- Owners		(38.80)	(115.99)
- Non-controlling interests		(0.04)	0.04
Total comprehensive income is attributable to:			
- Owners		(877.98)	753.16
- Non-controlling interests		17.81	15.48
Total comprehensive income attributable to owners:			
- Continuing operations		(588.43)	679.89
- Discontinued operations		(271.74)	88.75
Earnings per equity share (for continuing operations):			
- Basic (₹)		(3.46)	4.88
- Diluted (₹)		(3.46)	4.88
Earnings per equity share (for discontinued operations):			
- Basic (₹)		(1.69)	0.66
- Diluted (₹)		(1.69)	0.66
Earnings per equity share (for continuing and discontinued operations):			
- Basic (₹)		(5.15)	5.54
- Diluted (₹)		(5.15)	5.54

See accompanying notes to the consolidated financial statements.

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

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

Russell I Parera
Partner
Membership Number : 42190

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

Vinod Rai
Non-Executive Chairman
(DIN: 00041867)

Sunil Kakar
Managing Director & CEO
(DIN: 03055561)

Mahendra N. Shah
Company Secretary
(PAN: ABRPS7427F)

Bipin Gemani
Chief Financial Officer
(PAN: AACPG6412A)

Mumbai, May 29, 2019

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2019

A. Equity share capital

(₹ in crore)

	Number	Amount
As at April 1, 2017	1,595,941,570	1,595.94
Issued during the year	412,996	0.41
As at March 31, 2018	1,596,354,566	1,596.35
Issued during the year	3,750	0.01
As at March 31, 2019	1,596,358,316	1,596.36

B. Other equity

(₹ in crore)

	Reserves and surplus						Other comprehensive income		Non-controlling interests (NCI)	Total other equity
	Securities premium	Special reserve u/s. 36(1) (viii) of the Income-tax Act, 1961	Special reserve u/s. 45-IC of the RBI Act, 1934	General reserve	Surplus in the statement of profit and loss	Share options outstanding account	Foreign currency translation reserve	Equity instruments through OCI		
As at April 1, 2017	2,521.64	3,053.25	978.16	312.37	2,077.10	16.92	-	6.35	118.55	9,084.34
Profit for the year	-	-	-	-	869.15	-	-	-	15.44	884.59
Other comprehensive income	-	-	-	-	(114.54)	-	-	(1.44)	0.04	(115.95)
Total comprehensive income for the year	-	-	-	-	754.61	-	-	(1.44)	15.48	768.64
Transactions with owners in their capacity as owners:										
- Share based payments										
i) Employee stock option expense for the year	-	-	-	-	-	0.89	-	-	-	0.89
ii) Options exercised during the year	1.82	-	-	-	-	(0.45)	-	-	-	1.37
iii) Options lapsed during the year	-	-	-	2.18	2.37	(3.85)	-	-	-	0.70
- Dividends paid	-	-	-	-	(39.90)	-	-	-	-	(39.90)
- Dividend distribution tax	-	-	-	-	(12.41)	-	-	-	-	(12.41)
- Share of reserves of associates accounted using equity method of accounting net of deferred tax"	-	-	-	-	9.34	-	-	-	-	9.34
- Consolidation of subsidiary	-	-	-	-	-	-	-	-	22.25	22.25
- Exchange differences on translation of foreign operations	-	-	-	-	-	-	0.66	-	-	0.66
- Transfers to:										
i) Special reserve u/s. 45-IC of the RBI Act, 1934	-	-	99.30	-	(99.30)	-	-	-	-	-
As at March 31, 2018	2,523.46	3,053.25	1,077.46	314.55	2,691.81	13.51	0.66	4.91	156.28	9,835.88
Profit for the year	-	-	-	-	(839.18)	-	-	-	17.85	(821.33)
Other comprehensive income	-	-	-	-	(37.87)	-	-	(0.94)	(0.04)	(38.84)
Total comprehensive income for the year	-	-	-	-	(877.05)	-	-	(0.94)	17.81	(860.17)
Transactions with owners in their capacity as owners:										
- Share based payments:										
i) Employee stock option expense for the year	-	-	-	-	-	13.78	-	-	-	13.78
ii) Options exercised during the year	0.01	-	-	-	-	(0.62)	-	-	-	(0.61)
iii) Options lapsed during the year	-	-	-	-	2.74	(2.74)	-	-	-	-
iv) Options cancelled during the year	-	-	-	-	-	(1.32)	-	-	-	(1.32)
- Dividends paid	-	-	-	-	(119.73)	-	-	-	-	(119.73)
- Dividend distribution tax	-	-	-	-	(10.97)	-	-	-	-	(10.97)
- Adjustment on sale of subsidiary [refer note 36 (a)]	-	-	(32.53)	-	32.53	-	-	-	(151.15)	(151.15)
- Consolidation of subsidiary	-	-	-	-	-	-	-	-	5.57	5.57
- Share of reserves of associates accounted using equity method of accounting net of deferred tax"	-	-	-	-	78.57	-	-	-	-	78.57
- Exchange differences on translation of foreign operations	-	-	-	-	-	-	27.11	-	-	27.11
- Transfers to:			-	-	-	-	-	-	-	-
i) Special reserve u/s. 45-IC of the RBI Act, 1934	-	-	73.04	-	(73.04)	-	-	-	-	-
As at March 31, 2019	2,523.47	3,053.25	1,117.97	314.55	1,724.86	22.61	27.77	3.97	28.51	8,816.96

Total equity (primarily surplus in statement of profit and loss) includes ₹ 0.50 crore (March 31, 2018: ₹ 0.46 crore) pertaining to IDFC Foundation held for specified purposes.

See accompanying notes to the consolidated financial statements

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

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

Russell I Parera
Partner
Membership Number : 42190

Mumbai, May 29, 2019

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

Vinod Rai
Non-Executive Chairman
(DIN: 00041867)

Sunil Kakar
Managing Director & CEO
(DIN: 03055561)

Mahendra N. Shah
Company Secretary
(PAN: ABRPS7427F)

Bipin Gemani
Chief Financial Officer
(PAN: AACPG6412A)

STATEMENT OF CASH FLOW

(₹ in crore)

	Note	Year ended March 31, 2019	Year ended March 31, 2018
CASH FLOW FROM OPERATING ACTIVITIES :			
Profit/(Loss) before tax from:			
- Continuing operations		(700.32)	977.22
- Discontinued operations		(234.28)	118.58
- Other Comprehensive Income		(38.84)	(115.95)
Profit/(Loss) before tax including discontinued operations		(973.44)	979.85
Adjustments :			
Depreciation, amortisation and impairment	31	13.93	12.68
Net (gain) / loss on sale of property, plant and equipments	32	0.02	0.05
Impairment of financial instruments	29	38.80	16.38
Employee share based payment expense	30	19.20	1.03
Change in fair value of financials assets at FVTPL	25	34.55	(59.06)
Net (gain) / loss on sale of investments	25	(65.87)	(68.98)
Dividend income	26	(0.33)	(0.17)
Interest expense	28	4.80	0.58
Interest paid	18	(125.05)	52.78
Interest income	24	(14.73)	(16.84)
Interest received		35.63	7.88
Operating profit before working capital changes		(1,032.49)	926.18
Adjustments for (increase)/ decrease in operating assets:			
Trade receivables	5	10.09	22.25
Loans	6	4,190.31	(1,532.92)
Other financial assets	8	(25.75)	19.58
Other non financial assets	13	25.69	(95.57)
Adjustments for increase/ (decrease) in operating liabilities			
Trade payables	15	(103.63)	3.33
Other financial liabilities	18	(16.58)	67.93
Other non financial liabilities	22	(9.13)	26.69
Cash generated from operations		4,071.00	(1,488.71)
Less : Income taxes paid (net of refunds)		(81.00)	(198.63)
Net cash inflow / (outflow) from operating activities		2,957.51	(761.16)
CASH FLOW FROM INVESTING ACTIVITIES :			
Assets directly associated with disposal group classified as held for sale	36	(447.12)	-
Payments for purchase of investments *		(9,318.73)	(10,641.49)
Payments for property, plant and equipments	11	(3.95)	(12.12)
Proceeds from disposal of property, plant and equipments		9.55	0.40
Purchase of intangible assets	12	(1.95)	(1.30)
Proceeds from disposal of intangibles	12	1.11	-
Goodwill impairment	12	367.22	-
Proceeds from sale of subsidiaries		381.57	-
Proceeds from sale of investments*		9,520.85	9,941.63
Investments in Bank Fixed Deposit		(379.06)	(325.43)
Maturity of Bank Fixed Deposit		354.16	325.04
Dividends received		0.33	0.17
Net cash inflow / (outflow) from investing activities		483.98	(713.10)

CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE YEAR ENDED MARCH 31, 2019

(₹ in crore)

		Year ended March 31, 2019	Year ended March 31, 2018
CASH FLOW FROM FINANCING ACTIVITIES :			
Issue of equity share capital	23A	ß	0.41
Proceeds from fresh issue of debt securities (net of issue expenses)		809.11	2,005.59
Repayment from fresh issue of debt securities		(575.00)	(764.93)
Deconsolidation of Subsidiary due to loss of control		(3,777.71)	-
Interest paid	18	125.05	(52.78)
Dividend paid (including dividend distribution tax)	23B	(130.70)	(52.31)
Increase / (decrease) in minority interest		(127.77)	37.72
Share of reserve of Associates	23B	78.57	9.34
Net cash inflow / (outflow) from financing activities		(3,598.45)	1,183.04
NET INCREASE/(DECREASE) IN CASH AND BANK BALANCES		(156.96)	(291.22)
Add : Cash and cash equivalents at beginning of the year	3	307.05	598.27
Cash and cash equivalents at end of the year	3	150.09	307.05

*Purchase of investments include ₹ 5.50 crore (March 31, 2018: ₹ 16.30 crore) and proceeds from disposal / redemption of investments include ₹ 12.26 crore (March 31, 2018: ₹ 7.58 crore) held by IDFC Foundation, formed for conducting corporate social responsibility activities of the Group.

The accompanying notes are integral part of these financial statements.

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

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

Russell I Parera
Partner
Membership Number : 42190

Mumbai, May 29, 2019

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

Vinod Rai
Non-Executive Chairman
(DIN: 00041867)

Sunil Kakar
Managing Director & CEO
(DIN: 03055561)

Mahendra N. Shah
Company Secretary
(PAN: ABRPS7427F)

Bipin Gemani
Chief Financial Officer
(PAN: AACPG6412A)

BACKGROUND

IDFC Limited ('the Company') is a public limited company incorporated in India under the provisions of Companies Act, applicable in India and is a Non-Banking Finance Company (NBFC) regulated by the Reserve Bank of India ('RBI'). The registered office of the Company is located at KRM Towers, 7th Floor, No. 1, Harrington Road, Chetpet, Chennai - 600 031 and its principal place of business is located at Ramon House, 69 HT Parekh Marg, Churchgate, Mumbai 400 002.

These financial statements are for the group consisting the Company and its subsidiaries. The Group is a financial conglomerate with interests in Bank, Asset Management - public and alternate, Investment Banking, Broking and Infra Debt Funds as its businesses. In accordance with RBI guideline on licensing of new bank in private sector, the Group has implemented Holding Company structure through its 100% subsidiary, IDFC Financial Holding Company Limited ('IDFC FHCL'). Under the guidelines, all regulated financial services entities should be held through a Non-Operating Financial Holding Company. Non-financial services entities i.e. IDFC Projects and IDFC Foundation are direct subsidiaries of the Company.

All investment in regulated financial subsidiaries i.e. IDFC Alternatives Limited, IDFC Asset Management Company Limited, IDFC AMC Trustee Company Limited, IDFC Infrastructure Finance Limited, IDFC Securities Limited and IDFC Trustee Company Limited are held through its wholly owned subsidiary, IDFC FHCL. Some of these regulated financial subsidiaries have investments in foreign subsidiaries i.e. IDFC Capital (Singapore) PTE Limited, IDFC Securities Singapore PTE Limited, IDFC Capital (USA) Inc., IDFC Investment Managers (Mauritius) Limited. Investments in associates comprise of IDFC First Bank Limited by IDFC FHCL, Jetpur Somnath Tollways Limited by its wholly owned subsidiary, IDFC Projects Limited and Novopay Solutions Private Limited directly by IDFC Limited.

The shares of the Company and its associate IDFC First Bank Limited are listed on National Stock Exchange of India (NSE) Limited and Bombay Stock Exchange (BSE) Limited.

These consolidated financial statements were authorised for issue by the Board of Directors on May 29, 2019.

1. **Significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of preparation

(i) Compliance with Ind-AS

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

The financial statements up to year ended March 31, 2018 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act.

These financial statements are the first consolidated financial statements of the Group under Ind-AS. Refer note 54 for an explanation of how the transition from previous GAAP to Ind-AS has affected the Group's financial position, financial performance and cash flows.

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value or revalued amounts:

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

(iii) Order of liquidity

The Group is covered in the definition of Non-Banking Financial Company as defined in Companies (Indian Accounting Standards) (Amendment) Rules, 2016. Pursuant to Ind-AS 1 and amendment to Division III of Schedule III to the Companies Act, 2013 on October 11, 2018, the Group presents its balance sheet in the order of liquidity. This is since the Group does not supply goods or services within a clearly identifiable operating cycle, therefore making such presentation more relevant. A maturity analysis of recovery or settlement of assets and liabilities within 12 months after the reporting date and more than 12 months after the reporting date is presented in Note 47.

b) Principles of consolidation and equity accounting

(i) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and can affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations.

The Group combines the financial statements of the Company and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Inter company transactions, balances and unrealised gains on transactions within Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively.

Refer Note 2 for significant judgements and assumptions made in determining that the Group does not have control over certain entities it even though it holds more than half of their voting rights.

(ii) Associates
Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Refer Note 2 for significant judgements and assumptions made in determining that the Group has significant influence over certain entities it even though it holds less than 20% of their voting.

(iii) Joint ventures
Under Ind-AS 111 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet.

(iv) Equity method
Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit and loss, and the Group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity accounted investments are tested for impairment in accordance with the policy described in note 1(p) below.

(v) Changes in ownership interests
The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

c) Segment reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The board of directors of IDFC Limited assesses the financial performance and position of the Group and makes strategic decisions. The board of directors, which has been identified as being the chief operating decision maker, consists of the directors of the Group (both executive and independent). Refer note 38 for segment information presented.

d) Foreign currency translation
(i) Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Indian Rupee (INR), which is IDFC Limited's functional and presentation currency.

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

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

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

(iii) Group companies
The results and financial position of foreign operations (none of which has the currency of a hyper inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the date of that balance sheet
- income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- All resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

e) Financial instruments
Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

At initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss.

Financial assets
(i) Classification and subsequent measurement of financial assets:

The Group classifies its financial assets in the following measurement categories:

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

The classification requirements for debt and equity instruments are described below:

Debt Instruments
Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective such as loans, mutual fund units, venture capital fund and corporate bonds.

For investments in debt instruments, measurement will depend on the classification of debt instruments depending on:

(i) the Group's business model for managing the asset; and

(ii) the cash flow characteristics of the asset.

Business model assessment
The business model reflects how the Group manages the assets to generate cash flows. The business model determines whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable or when performance of portfolio of financial assets managed is evaluated on a fair value basis, then the financial assets are classified as part of 'other' business model and measured at FVTPL. A portfolio of financial assets that is managed and whose performance is evaluated on a fair value basis is neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- experience on how the cash flows for these assets were collected,
- how the asset's performance and the business model is evaluated and reported to key management personnel,
- the risks that affect the performance of the business model and how these risks are assessed and managed,
- how managers are compensated.

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

Solely Payment of Principle and Interest ("SPPI") Assessment

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk associated with the principal amount outstanding, other basic lending risks (for e.g. liquidity risk) and a profit margin that is consistent with a basic lending arrangement. When assessing a financial asset with a modified time value of money element, the Group consider both qualitative and quantitative characteristics to determine whether the modified time value of money element provides consideration for just the passage of time.

Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

The Group reclassifies debt investments when and only when its business model for managing those assets changes. Such changes are expected to be very infrequent and none occurred during the period.

Based on these factors, the Group classifies its debt instruments into one of the following three measurement categories;

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost e.g. debentures, bonds etc. A gain or loss on a debt investment that is subsequently measured at amortised cost is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in investment income using the effective interest rate method.

Fair value through other comprehensive income: Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost that are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'Net Investment income'. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method, considering any discount/ premium and qualifying transaction costs being an integral part of instrument.

Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or fair value through OCI, are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented in the statement of profit and loss within other gains/(losses) in the period in which it arises.

<u>Equity Instruments</u>
Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

The Group measures all equity investments at fair value through profit or loss, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

The Group has designated at FVOCI investments in a small portfolio of equity securities. The Group chose this presentation alternative because the investments were made for strategic purposes rather than with a view to profit on a subsequent sale, and there are no plans to dispose of these investments in the short or medium term.

Gains and losses on equity investments at FVTPL are included in the statement of profit or loss.

(ii) Impairment

The Group assesses on a forward-looking basis the expected credit loss ('ECL') associated with its financial instrument. The Group recognises a loss allowance for such losses at each repotting date. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money, and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Note 49 provides more detail of how the expected credit loss allowance is measured

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

The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance).

The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts paid or received that are integral to the effective interest rate, such as origination fees, commitment fees, etc.

When the Group revises the estimates of future cash flows, the carrying amount of the respective financial asset is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

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

(iii) Modification of loans

The Group sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Group assesses whether the new terms are substantially different to the original terms. The Group does this by considering, among others, the following factors:

- if the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.
- significant extension of the loan term when the borrower is not in financial difficulty.
- significant change in the interest rate.
- change in the currency the loan is denominated in.
- insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Group derecognises the original financial asset, recognises a 'new' asset at fair value, and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for determining whether a significant increase in credit risk has occurred. However, the Group also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate.

(iv) De-recognition of financial assets

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either

(i) the Group transfers substantially all the risks and rewards of ownership, or

(ii) the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

Financial liabilities and equity instruments

(i) Classification as debt or equity:

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

<u>Equity instruments</u>

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

(ii) Classification and subsequent measurement

Financial liabilities (including borrowings and debt securities) are subsequently measured at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the gross carrying amount of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees.

(iii) De-recognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. A substantial modification of the terms of an existing financial liability (whether attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration.

If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred are adjusted to the carrying amount of the liability and are amortised over the remaining term of the modified liability.

f) Derivative financial instruments

The Group holds derivative financial instruments viz. interest rate swaps to manage its exposure to interest rate risks. The Group hold derivative financial instruments for trading purpose as well. Derivatives are initially recognised at fair value at the date the derivative contracts are entered and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately.

g) Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the group or the counter party.

h) Revenue recognition

Revenue is measured at fair value of the consideration received or receivable. Ind-AS 115, Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. A new five-step process must be applied before revenue can be recognised:

- identify contracts with customers
- identify the separate performance obligation
- determine the transaction price of the contract
- allocate the transaction price to each of the separate performance obligations, and
- recognise the revenue as each performance obligation is satisfied.

(i) Brokerage fees income

a) Brokerage fees – over time

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

b) Brokerage fees – point in time

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

(ii) Interest Income

Interest income is recognised using effective interest rate method.

(iii) Dividend income

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

(iv) Fees, commission and other income

Fees and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate. Fees and commission that are not integral to effective interest rate are recognised on accrual basis over the life of instrument.

Fees integral to the effective interest rate include origination fees, commissions received or paid by the Group relating to the creation or acquisition of a financial asset or issuance of a financial liability. Loan origination fees is deferred as a part of interest income under the effective interest rate method.

All other fees, commissions and other income and expense items are generally recognised on an accrual basis by reference to completion of the specific transaction assessed based on the actual service provided as a proportion of the total services to be provided, except guarantee commission which is recognised pro-rata over the period of the guarantee.

Asset management and other service fees principally includes asset-based asset management fees, which are recognized in the period in which the services are performed. In certain asset management fee arrangements, the Group is entitled to receive performance-based incentive fees when the return on assets under management exceeds certain benchmark returns or other performance targets. The Group may be required to return all, or part, of such performance-based incentive fee depending on future performance of these assets relative to performance benchmarks. The Group records performance-based incentive fee revenue when the contractual terms of the asset management fee arrangement have been satisfied such that the performance fee is no longer subject to claw back or contingency. Under this principle the Group records a deferred performance-based incentive fee liability to the extent it receives cash related to the performance-based incentive fee prior to meeting the revenue recognition criteria delineated above.

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

i) Income Tax

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

(i) Current tax

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

(ii) Deferred tax

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

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

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

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

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

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

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

j) Goods and service tax

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

(i) when the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable

(ii) when receivables and payables are stated with the amount of tax included

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

k) Leases

(i) Group as a lessee

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership been classified as finance leases. Finance leases are capitalized at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

(ii) Group as a lessor

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

l) Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not more than any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortized while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit and loss.

m) Cash and cash equivalents

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

n) Property, plant and equipment

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

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

(i) Transition to Ind-AS

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

(ii) Depreciation methods estimated useful lives and residual value

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

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

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

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

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

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount.

o) Intangible assets

(i) Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised, but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, which in our case are the operating segments.

(ii) Computer Software

Intangible assets comprising of computer software are stated at cost of acquisition, including any cost attributable for bringing the asset to its working condition, less accumulated amortisation. Any technology support cost or annual maintenance cost for such software is recognised as an expense when incurred. The Group amortises intangible assets using straight-line method over a period of three years.

Transition to Ind-AS

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

p) Impairment of non-financial asset

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

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

q) Retirement and other employee benefits

(i) Defined contribution plan

The contribution to provident fund, superannuation fund and pension fund are considered as defined contribution plans and are charged to the Statement of Profit and Loss as they fall due, based on the amount of contribution required to be made as and when services are rendered. The group has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due.

(ii) Defined benefit plan

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

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

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

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

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

(iii) Compensated absences

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

r) Provisions

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

s) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

t) Share-based payments

The Holding Company and two of its subsidiaries has formulated Employee Stock Option Schemes ('the ESOS') in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 / 2014 ('the Guidelines'). The ESOS provides for grant of stock options to employees (including employees of subsidiary companies) to acquire equity shares of the Holding Company / Subsidiary Company that vest in a graded manner and that are to be exercised within a specified period.

Fair value is determined by using option valuation models, which consider the exercise price of the option, the current share price, the risk-free interest rate, the expected volatility of the share price over the life of the option and other relevant factors. When the options are exercised, the exercise price proceeds together with the amount initially recorded in equity are credited to common shares.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in Statement of Profit and Loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

For cash-settled share-based payments, the fair value of the amount payable to employees is recognised as 'employee benefit expenses' with a corresponding increase in liabilities, over the period of non-market vesting conditions getting fulfilled. The liability is remeasured at each reporting period up to, and including the settlement date, with changes in fair value recognised in employee benefits expenses. Refer Note 50 for details.

u) Earning per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the group
- by the weighted average number of equity shares outstanding during the financial year, adjusted for

bonus elements in equity shares issued during the year and excluding treasury shares.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to consider:

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

v) Contributed Equity

Equity shares are classified as equity.

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

w) Dividends

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

x) Rounding off

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

y) Standards issued but not adopted

(i) Ind-AS 116 – Leases:

On March 30, 2019, the Ministry of Corporate Affairs (MCA) issued the Companies (Indian Accounting Standards) Amendment Rules, 2019 which notified Ind-AS 116, Leases. The amendment rules are effective from reporting periods beginning on or after April 1, 2019. This standard replaces current guidance in Ind-AS 17 and is a far-reaching change in accounting by lessees.

The new standard eliminates the classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing right to use the underlying asset during the lease term. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessor accounting under Ind-AS 116 is substantially unchanged from today's accounting under Ind-AS 17. The lessor still must classify leases as either finance or operating.

The impact on adoption of this amendment is currently being assessed but is not expected to have material impact on the financial statements.

(ii) Plan Amendment, Curtailment or Settlement- Amendments to Ind-AS 19:

The amendments to Ind-AS 19 clarify the accounting for defined benefit plan amendments, curtailments and settlements. They confirm that entities must:

- calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change.
- any reduction in a surplus should be recognised immediately in profit or loss either as part of past service cost, or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognised in profit or loss even if that surplus was not previously recognised because of the impact of the asset ceiling.
- separately recognise any changes in the asset ceiling through other comprehensive income.

The interpretation is effective for annual periods beginning on or after April 1, 2019.

The impact on adoption of this amendment is currently being assessed but is not expected to have material impact on the financial statements.

(iii) Appendix C - Uncertainty over Income Tax Treatments to Ind-AS 12:

The interpretation explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. It discusses:

- how to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty.
- that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, i.e. that detection risk should be ignored.
- that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment.
- that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty, and
- that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

The interpretation is effective for annual periods beginning on or after April 1, 2019.

The impact on adoption of this amendment is currently being assessed but is not expected to have material impact on the financial statements.

(iv) Prepayment Features with Negative Compensation, Amendments to Ind-AS 109
This amendment enables entities to measure certain pre-payable financials assets with negative compensation at amortised cost. These assets, which include some loan and debt securities, would otherwise have to be measured at fair value through profit and loss. Negative compensation arises where the contractual terms permit the borrower to prepay the instrument before its contractual maturity, but the prepayment amount could be less than unpaid amounts of principal and interest. However, to qualify for amortised cost measurement, the negative compensation' must be 'reasonable compensation for early termination of the contract'.

That is, when a financial liability measured at amortised cost is modified without this resulting in derecognition, a gain or loss should be recognised in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate.

The interpretation is effective for annual periods beginning on or after April 1, 2019.

The impact on adoption of this amendment is currently being assessed but is not expected to have material impact on the financial statements.

(v) Long-term Interests in Associates and Joint Ventures- Amendments to Ind-AS 28
The amendments clarify the accounting for long-term interests in an associate or joint venture, which in substance form part of the net investment in the associate or joint venture, but to which equity accounting is not applied. Entities must account for such interests under Ind-AS 109, Financial Instruments before applying the loss allocation and impairment requirements in Ind-AS 28 Investments in Associates and Joint Ventures.

The interpretation is effective for annual periods beginning on or after April 1, 2019.

The impact on adoption of this amendment is currently being assessed but is not expected to have material impact on the financial statements.

(vi) Annual Improvements to Ind-AS (2018):
- Ind-AS 23, "Borrowing Cost"- clarified that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.
- Ind-AS 103, "Business Combination"- clarified that obtaining control of a business that is a joint operation is a business combination achieved in stages. The acquirer should re-measure its previously held interest in the joint operation at fair value at the acquisition date.
- Ind-AS 111, "Joint arrangements"- clarified that the party obtaining joint control of a business that is a joint operation should not measure its previously held interest in joint operation.
- Ind-AS 12, "Income Taxes"- clarified that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised. These requirements apply to all income tax consequences of dividends.

Previously, it was unclear whether the income tax consequences of dividend should be recognised in profit or loss, or in equity, and the scope of the existing guidance was ambiguous.

The interpretation is effective for annual periods beginning on or after April 1, 2019.

The impact on adoption of this amendment is currently being assessed but is not expected to have material impact on the financial statements.

2. SIGNIFICANT ACCOUNTING JUDGMENTS ESTIMATES AND ASSUMPTIONS

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

Judgements

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

a) Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a business objective. This assessment includes judgement considered by the Group in determining the business model including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held.

b) Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counter party), funding value adjustments, correlation and volatility. For further details about determination of fair value please see Note 48.

c) Effective Interest Rate (EIR) method

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

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

d) Consolidation decision

For details regarding consolidation of;

i) Entity where shareholding is more than 50%, as an associate, and

ii) Section 8 company, as a subsidiary, Refer note 51.

3. CASH AND CASH EQUIVALENTS

(₹ in crore)

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Cash on hand	ß	ß	ß
Cheques on hand	-	ß	-
Balances with banks:			
- In current accounts	11.99	99.68	438.90
- In saving accounts *	0.01	0.40	0.08
- In deposit accounts	138.09	206.97	159.29
Total	150.09	307.05	598.27
Cash and cash equivalents included under assets classified as held for sale (refer note 36)	17.57	-	-
Total	167.66	307.05	598.27

* Balances pertaining to IDFC Foundation held for specified purposes.

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

4. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in crore)

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Balances with banks:			
Balances with banks:			
- In earmarked accounts			
Investor education awareness on behalf of IDFC mutual fund	3.60	2.07	0.40
Unclaimed dividend	2.13	2.21	2.34
- In deposit accounts*	108.12	84.68	85.83
Balance held as margin money	0.08	0.08	0.08
Total	113.93	89.04	88.65

* Includes ₹ 33.50 crore (March 31, 2018: ₹ 1.34 crore, April 1, 2017- Nil) pertaining to IDFC Foundation held for specified purposes.

5A. TRADE RECEIVABLES

(₹ in crore)

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Receivables considered good - Secured	-	-	-
Receivables considered good - Unsecured*	13.64	22.24	44.04
Receivables - Credit impaired	6.01	8.25	7.89
(Less): Allowance for impairment loss	(6.01)	(8.25)	(7.89)
Total	13.64	22.24	44.04

* Includes ₹ Nil (March 31, 2018: ₹ 0.83 crore; April 1, 2017 :Nil)) pertaining to IDFC Foundation, formed for conducting corporate social responsibility activities of the Group.

5B. OTHER RECEIVABLES

(₹ in crore)

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Receivables considered good - Secured	-	-	-
Receivables considered good - Unsecured	2.94	4.43	4.88
Receivables - Credit impaired	-	0.29	0.39
(less): Allowance for impairment loss	-	(0.29)	(0.39)
Total	2.94	4.43	4.88

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

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

6. LOANS

(₹ in crore)

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
At amortised cost:			
(A)			
Term loans	-	2,890.86	2,010.44
Debentures and bonds	-	1,316.98	656.98
Loans and advances to employees	-	0.14	0.70
Total (A) - Gross	-	4,207.98	2,668.13
(Less): Impairment loss allowance	-	(17.67)	(10.73)
Total (A) - Net	-	4,190.31	2,657.40
(B)			
i) Secured by tangible assets	-	3,148.90	2,140.87
ii) Secured by intangible assets	-	969.10	425.41
iii) Covered by bank and government guarantees	-	89.85	73.11
iv) Unsecured	-	0.13	28.74
Total (B) - Gross	-	4,207.98	2,668.13
(Less): Impairment loss allowance	-	(17.67)	(10.73)
Total (B) - Net	-	4,190.31	2,657.40
(C)			
Loans in India			
i) Public sector	-	-	-
ii) Others	-	4,207.98	2,668.13
Total (C) - Gross	-	4,207.98	2,668.13
(Less): Impairment loss allowance	-	(17.67)	(10.73)
Total (C) - Net	-	4,190.31	2,657.40

7. INVESTMENTS

(₹ in crore)

	At fair value through			Others*	Total
	Other comprehensive income	Profit and loss	Subtotal		
As at March 31, 2019					
Mutual fund units#	-	658.35	658.35	-	658.35
Venture capital fund units @	-	309.46	309.46	-	309.46
Alternative investment fund	-	0.93	0.93	-	0.93
Equity instruments	0.05	29.38	29.43	-	29.43
Debentures & bonds	-	47.09	47.09	-	47.09
Preference shares	-	-	-	88.74	88.74
Associates	-	-	-	7,562.65	7,562.65
Joint Ventures	-	-	-	107.99	107.99
Trustee units	-	0.01	0.01	-	0.01
Total (A) - Gross	0.05	1,045.22	1,045.27	7,759.38	8,804.65
(Less): Impairment loss allowance	-	-	-	(131.38)	(131.38)
Total (A) - Net	0.05	1,045.22	1,045.27	7,628.00	8,673.27
Investments outside India	-	103.41	103.41	-	103.41
Investments in India	0.05	941.81	941.86	7,759.38	8,701.24
Total (B) - Gross	0.05	1,045.22	1,045.27	7,759.38	8,804.65
(Less): Impairment loss allowance	-	-	-	(131.38)	(131.38)
Total (B) - Net	0.05	1,045.22	1,045.27	7,628.00	8,673.27

7. INVESTMENTS (CONTINUED)

(₹ in crore)

	At fair value through			Others*	Total
	Other comprehensive income	Profit and loss	Subtotal		
As at March 31, 2018					
Mutual fund units#	-	924.40	924.40	-	924.40
Venture capital fund units@	-	278.03	278.03	-	278.03
Equity instruments	4.96	31.68	36.64	-	36.64
Preference shares	-	-	-	61.59	61.59
Associates	-	-	-	8,083.48	8,083.48
Joint Ventures	-	-	-	99.15	99.15
Trustee Units	-	0.01	0.01	-	0.01
Total (A) - Gross	4.96	1,234.12	1,239.08	8,244.22	9,483.30
(Less): Impairment loss allowance	-	-	-	(104.23)	(104.23)
Total (A) - Net	4.96	1,234.12	1,239.08	8,139.99	9,379.07
Investments outside India	-	133.00	133.00	-	133.00
Investments in India	4.96	1,101.12	1,106.08	8,244.22	9,350.30
Total (B) - Gross	4.96	1,234.12	1,239.08	8,244.22	9,483.30
(Less): Impairment loss allowance	-	-	-	(104.23)	(104.23)
Total (B) - Net	4.96	1,234.12	1,239.08	8,139.99	9,379.07
As at April 1, 2017					
Mutual fund units#	-	675.73	675.73	-	675.73
Venture capital fund units@	-	155.52	155.52	-	155.52
Equity instruments	6.40	5.39	11.79	-	11.79
Preference shares	-	-	-	54.93	54.93
Associates	-	-	-	7,655.51	7,655.51
Joint Ventures	-	-	-	92.04	92.04
Trustee Units	-	0.08	0.08	-	0.08

7. INVESTMENTS (CONTINUED) (CONTD.)

(₹ in crore)

	At fair value through			Others*	Total
	Other comprehensive income	Profit and loss	Subtotal		
Total (A) - Gross	6.40	836.72	843.12	7,802.48	8,645.60
(Less): Impairment loss allowance	-	-	-	(94.23)	(94.23)
Total (A) - Net	6.40	836.72	843.12	7,708.25	8,551.37
Investments outside India	-	127.02	127.02	-	127.02
Investments in India	6.40	709.70	716.10	7,802.48	8,518.58
Total (B) - Gross	6.40	836.72	843.12	7,802.48	8,645.60
(Less): Impairment loss allowance	-		-	(94.23)	(94.23)
Total (B) - Net	6.40	836.72	843.12	7,708.25	8,551.37

* Investment in associates and joint ventures measured using equity method of accounting as per Ind-AS 28 are classified as others.

Includes ₹ 10.92 crore (March 31, 2018: ₹ 16.65 crore ; April 1, 2017 ₹ 7.44 crore) pertaining to IDFC Foundation held for specified purposes.

@ The above investments in venture capital units are subject to restrictive covenants.

i) Net asset value (NAV) for mutual fund units represents the repurchase price determined by the issuer.

ii) Net asset value (NAV) for alternative investment fund units and venture capital fund units represents the fair value of units issued by the funds

iii) The investment in certain equity shares are strategic investments and not held for trading purpose. Therefore, the Group has made an irrevocable election at initial recognition to recognise changes in fair value through OCI rather than profit or loss and the Group considered this to be more relevant.

iv) More information regarding the valuation methodologies are disclosed in Note 48(b).

8. OTHER FINANCIAL ASSETS

(₹ in crore)

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Interest accrued on investments	-	3.81	3.73
Interest accrued on deposits	3.32	1.53	2.65
Interest accrued on loans	-	18.89	8.88
Contingent consideration receivable [refer note 48 (g)]	36.52	-	-
Security deposits	19.40	28.45	25.64
Other receivables	4.86	0.10	0.04
Other deposits	0.95	7.45	29.35
Total (A) - Gross	65.05	60.23	70.29
(Less): Impairment loss allowance	(2.00)	(2.03)	(1.48)
Total (B) - Net	63.05	58.20	68.81

9. INCOME TAX ASSETS

(₹ in crore)

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Advance payment of fringe benefit tax (net of provision)	0.01	4.05	4.05
Advance payment of Income tax (net of provision)	81.68	110.23	65.58
Total	81.69	114.28	69.63

10. DEFERRED TAX ASSETS

The balance comprises temporary differences attributable to:

(₹ in crore)

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Provisions	-	14.60	6.74
Property, plant and equipments	-	0.71	-
Total	-	15.31	6.74

11. PROPERTY, PLANT AND EQUIPMENT

(₹ in crore)

	Buildings	Leasehold improve-ments	Furniture and fixtures	Vehicles	Office Equipments	Computers	Wind mills	Freehold land	Total
Year ended March 31, 2018									
Gross carrying amount									
Deemed cost as at April 1, 2017	42.79	4.78	1.01	5.63	1.15	6.07	59.96	0.04	121.43
Additions	-	4.59	1.12	1.91	1.26	3.24	-	-	12.12
Translation exchange difference	-	ß	ß	ß	ß	ß	-	-	ß
Disposals	-	(0.01)	(0.19)	(0.40)	-	(0.01)	-	-	(0.61)
Closing gross carrying amount	42.79	9.36	1.94	7.14	2.41	9.30	59.96	0.04	132.94
Accumulated depreciation	-								
Depreciation charge during the year	0.82	1.19	0.38	2.59	0.75	2.35	4.60	-	12.68
Translation exchange difference	-	-	-	-	-	-	-	-	-
Disposals	-	-	(0.07)	(0.09)	ß	ß	-	-	(0.16)
Closing accumulated depreciation	0.82	1.19	0.31	2.50	0.75	2.35	4.60	-	12.52
Net carrying amount as at March 31, 2018	41.97	8.17	1.63	4.64	1.66	6.95	55.36	0.04	120.42
Year ended March 31, 2019									
Gross carrying amount									
Opening gross carrying amount	42.79	9.36	1.94	7.14	2.41	9.30	59.96	0.04	132.94
Additions	-	0.29	0.24	0.80	0.67	1.95	-	-	3.95
Assets included in a disposal group classified as held for sale	-	(3.25)	(0.32)	(3.50)	(0.56)	(2.03)	-	(0.04)	(9.70)
Translation exchange difference	-	0.06	0.03	-	0.01	0.04	-	-	0.14
Disposals	-	-	(0.24)	(2.82)	(0.35)	(0.59)	-	-	(4.00)
Closing gross carrying amount	42.79	6.46	1.65	1.62	2.18	8.67	59.96	-	123.33
Accumulated depreciation									
Opening accumulated depreciation	0.82	1.19	0.31	2.50	0.75	2.35	4.60	-	12.52
Depreciation charge during the year	0.82	1.47	0.31	1.02	0.69	2.02	4.60	-	10.93
Assets included in a disposal group classified as held for sale	-	(0.17)	(0.01)	(1.39)	(0.11)	(0.50)			(2.18)
Impairment loss	1.25	-	-	-	-	-	-	-	1.25
Translation exchange difference	-	0.06	0.02	-	0.02	0.04	-	-	0.14
Disposals	-	-	(0.11)	(1.31)	(0.21)	(0.33)	-	-	(1.96)
Closing accumulated depreciation	2.89	2.55	0.52	0.82	1.14	3.58	9.20	-	20.70
Net carrying amount as at March 31, 2019	39.90	3.91	1.13	0.80	1.04	5.09	50.76	-	102.63

i) Deemed cost as on April 1 ,2017 upon transition to IND AS

	Building	Leasehold improve-ments	Furniture and fixtures	Vehicles	Office Equipments	Computers	Wind Mills	Freehold Land	Total
Gross carrying amount as at April 1, 2017	42.79	15.69	3.29	8.68	7.07	17.94	101.25	0.04	196.76
Less: Opening accumulated depreciation	-	10.91	2.28	3.05	5.92	11.87	41.29	-	75.32
Deemed cost as at April 1, 2017	42.79	4.78	1.01	5.63	1.15	6.07	59.96	0.04	121.43

12. INTANGIBLE ASSETS

(₹ in crore)

	Computer software	Tenancy Rights	Total	Goodwill
Year ended March 31, 2018				
Gross carrying amount				
Deemed cost as at April 1, 2017	2.64	0.02	2.66	1,146.39
Additions	2.38	-	2.38	-
Disposals and transfers	-	-	-	-
Closing gross carrying amount	5.02	0.02	5.04	1,146.39
Accumulated amortisation				
Amortisation during the year	1.49	0.01	1.50	-
Disposals and transfers	-	-	-	-
Closing accumulated amortisation	1.49	0.01	1.50	-
Net carrying amount as at March 31, 2018	3.53	0.01	3.54	1,146.39
Year ended March 31, 2019				
Gross carrying amount				
Opening gross carrying amount	5.02	0.02	5.04	1,146.39
Additions	1.95	-	1.95	-
Assets included in a disposal group classified as held for sale	(0.90)	(0.02)	(0.92)	(367.22)
Disposals and transfers	(0.05)	-	(0.05)	
Closing gross carrying amount	6.02	-	6.02	779.17
Accumulated amortisation				
Opening accumulated amortisation	1.49	0.01	1.50	-
Amortisation during the year	1.74	0.01	1.75	343.38
Assets included in a disposal group classified as held for sale	(0.25)	(0.02)	(0.27)	(343.38)
Disposals and transfers	(0.03)	-	(0.03)	-
Closing accumulated amortisation	2.95	-	2.95	-
Net carrying amount as at March 31, 2019	3.07	-	3.07	779.17

Deemed cost as on April 1 , 2017 upon transition to IND AS

	Computer software	Tenancy Rights	Total	Goodwill
Gross carrying amount as at April 1, 2017	9.47	0.02	9.49	1,146.39
Less: Opening amortisation	6.83	-	6.83	-
Deemed cost as at April 1, 2017	2.64	0.02	2.66	1,146.39

a) Impairment tests for goodwill on consolidation

For the purpose of impairment testing, goodwill is allocated to a cash generating unit, representing the lowest level within the Group at which goodwill is monitored for internal management purposes. The Group tests whether goodwill has suffered any impairment on an annual basis. The goodwill pertaining to the CGU's are as follows:

(₹ in crore)

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
CGU's of IDFC Asset Management Company Limited [Refer note (i) below]	779.17	779.17	779.17
CGU's of IDFC Securities Limited [Refer note (ii) below]	-	367.22	367.22
Total	779.17	1,146.39	1,146.39

i) IDFC Asset Management Company Limited

The recoverable amount of this CGU is based on its value in use. The recoverable amount is determined based on value-in-use, after considering current economic conditions and trends, estimated future operating results, growth rates. The calculations uses cash flow projections based on financial budgets approved by management and are extrapolated using estimated growth rates.

The carrying amount does not exceed the recoverable amount of the cash generating units. Accordingly, there were no impairment recorded for the year ended March 31, 2019 and March 31, 2018. An analysis of the sensitivity of the computation to a change in key parameters (operating results, discount rates and growth rates), based on reasonably probable assumptions, did not identify any probable scenario in which the recoverable amount of the CGU would decrease below its carrying amount.

ii) IDFC Securities Limited

During the year, the Group has entered into Share Purchase Agreement to exit its business of stock broking. The Group has classified its subsidiary as discontinued operation and accordingly, goodwill amounting to ₹ 23.84 crore (net of impairment amounting to ₹ 343.38 crore) in respect of the disposal group have been classified as "held for sale". [For further details, refer note 36 (b)].

13. OTHER NON-FINANCIAL ASSETS

(₹ in crore)

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Capital advances	-	0.41	0.06
Prepaid expenses	9.08	15.50	18.00
Supplier advances	5.38	4.83	1.68
Balances with government authorities - cenvat credit available	17.71	16.08	7.20
Receivable from gratuity trust [Refer note 35(b)]	-	0.02	-
Other advances	37.61	52.74	28.79
Less: Allowance for impairment loss	(3.45)	-	-
Total	66.33	89.58	55.73

14. CONTRACT ASSETS

(₹ in crore)

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Contract assets	59.28	61.72	-
Less: Allowance for impairment loss	-	-	-
Total	59.28	61.72	-

Significant change in contract assets

Contract assets pertains to carried and catch-up interest receivable from IDFC S.P.I.C.E. Fund (which was closed in February 2019). The contract asset is recognised in accordance with Ind-AS 115 on Revenue from contracts with customers wherein the right to receive carried and catch-up interest is conditioned upon sale of underlying securities by the Company as the asset manager.

The contract assets have declined by ₹ 2.45 crore as a result of net decline in the fair value of IDFC S.P.I.C.E. Fund in March 2019 as compared to March 2018 leading to decrease in the carried interest receivable.

15. DERIVATIVE FINANCIAL INSTRUMENTS

The Group enters into derivatives for risk management purposes. Derivatives held for risk management purposes include hedges that either meet the hedge accounting requirements or hedges that are economic hedges, but the Group has elected not to apply hedge accounting requirements.

The Group uses interest rate swaps to manage its interest rate risk arising from rupee denominated debt securities.

The interest rate swaps are not designated in a hedging relationship and are entered into for periods consistent with exposure of the underlying transactions, generally from 24 months to 60 months. Details of the derivative instrument is given below:

(₹ in crore)

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Fair value assets			
- Equity options (at fair value)	1.66	0.21	-
- Interest rate swaps	-	0.11	-
Total	1.66	0.32	-
Fair value liabilities			
- Equity futures (at fair value)	0.08	-	-
- Interest rate swaps	-	-	1.45
Total	0.08	-	1.45

The Group is exposed to certain risks relating to its ongoing business operations. The primary risks managed using derivative instruments is interest rate risk.

The Group's risk management strategy and how it is applied to manage risk are explained in Note 49.

16A. TRADE PAYABLES

(₹ in crore)

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
- Total outstanding dues of micro enterprises and small enterprises	-	-	0.02
- Total outstanding dues of creditors other than micro enterprises and small enterprises	20.97	119.17	104.96
Total	20.97	119.17	104.98

16B. OTHER PAYABLES

(₹ in crore)

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
- Total outstanding dues of micro enterprises and small enterprises	-	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	3.63	9.13	18.55
Total	3.63	9.13	18.55

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

(₹ in crore)

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Outstanding principal amount and interest due to suppliers registered under MSMED Act and remaining unpaid at the year end:			
- Principal amount	-	-	0.02
- Interest due thereon	-	-	-
Interest paid other than under section 16 of MSMED Act, to suppliers registered under MSMED Act, beyond the appointed day during the period.	-	-	-
Interest paid under section 16 of MSMED Act, to suppliers registered under MSMED Act, beyond the appointed day during the period.	-	-	-
Amount of interest due and payable (where the principal has already been paid but interest has not been paid).	-	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-	-
The amount of further interest remaining due and payable even in succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of MSMED Act.	-	-	-

17. DEBT SECURITIES

(₹ in crore)

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
At amortized cost:			
- Debentures and bonds	-	3,320.81	1,914.55
- Commercial paper	-	225.00	390.00
(Less): Unexpired discount	-	(2.21)	(1.61)
Total (A)	-	3,543.60	2,302.94
Debt securities in India	-	3,543.60	2,302.94
Debt securities outside India	-	-	-
Total (B)	-	3,543.60	2,302.94

a) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Cash and cash equivalents	150.09	307.05	598.27
Liquid investments	658.35	924.40	675.73
Debt securities	-	3,543.60	2,302.94
Net debt	808.44	(2,312.15)	(1,028.94)

(₹ in crore)

	Cash and cash equivalents	Liquid Investment	Debt securities	Total
Net debt as at April 1, 2017	598.27	675.73	(2,302.94)	(1,028.94)
Cash flows	(291.22)	248.67	(1,296.07)	(1,338.62)
Interest expense	-	-	225.88	225.88
Interest paid	-	-	(170.47)	(170.47)
Other non-cash movements				
- Fair value adjustments	-	-	-	-
- Acquisitions/disposals	-	-	-	-
Net debt as at March 31, 2018	307.05	924.40	(3,543.60)	(2,312.15)
Cash flows	(156.96)	(266.05)	(304.65)	(727.66)
Interest expense	-	-	314.86	314.86
Interest paid	-	-	(290.46)	(290.46)
Other non-cash movements				
- Fair value adjustments	-	-	-	-
- Assets classified as held for sale	-	-	3,823.85	3,823.85
Net debt as at March 31, 2019	150.09	658.35	-	808.44

b) Interest and repayment terms of debenture and bonds (non convertible) (secured) ('NCD's') :

Series name	Issuance date	Maturity date	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017	No of NCD's	Coupon rate	Payment frequency - Interest	Payment frequency-Principal
IDFC IFL PP 7/2019	27-Mar-19	27-May-20	-	-	-	1,000	8.68%	Annually and on maturity	Bullet repayment at maturity
IDFC IDF PP 1/2016	29-Sep-15	29-Oct-20	-	150.00	150.00	1,500	8.85%	Annually and on maturity	Bullet repayment at maturity
IDFC IDF PP 2/2016	21-Oct-15	20-Nov-20	-	155.00	155.00	1,550	8.65%	Annually and on maturity	Bullet repayment at maturity
IDFC IDF PP 3/2016	16-Nov-15	01-Dec-20	-	75.00	75.00	750	8.64%	Annually and on maturity	Bullet repayment at maturity
IDFC IDF PP 4/2016	09-Dec-15	08-Jan-21	-	75.00	75.00	750	8.55%	Annually and on maturity	Bullet repayment at maturity
IDFC IDF PP 5/2016	08-Jan-16	28-Jan-21	-	250.00	250.00	2,500	8.65%	Annually and on maturity	Bullet repayment at maturity
IDFC IDF PP 6/2016	22-Mar-16	22-Apr-21	-	103.00	103.00	1,030	8.88%	Annually and on maturity	Bullet repayment at maturity
IDFC IDF PP 1/2017	14-Jul-16	27-Jul-21	-	209.00	209.00	2,090	8.75%	Annually and on maturity	Bullet repayment at maturity
IDFC IDF PP 2/2017	09-Aug-16	25-Aug-21	-	141.00	141.00	1,410	8.60%	Annually and on maturity	Bullet repayment at maturity
IDFC IDF PP 3/2017	29-Aug-16	31-Aug-21	-	136.00	136.00	1,360	8.51%	Annually and on maturity	Bullet repayment at maturity
IDFC IDF PP 4/2017	01-Sep-16	07-Sep-21	-	25.00	25.00	250	8.51%	Annually and on maturity	Bullet repayment at maturity
IDFC IDF PP 5/2017	27-Sep-16	12-Oct-21	-	255.00	255.00	2,550	8.39%	Annually and on maturity	Bullet repayment at maturity
IDFC IDF PP 6/2017	17-Nov-16	30-Nov-21	-	25.00	25.00	250	8.10%	Annually and on maturity	Bullet repayment at maturity
IDFC IDF PP 7/2017	30-Nov-16	12-Jan-22	-	60.00	60.00	600	7.35%	Annually and on maturity	Bullet repayment at maturity
IDFC IDF PP 8/2017	06-Dec-16	18-Jan-22	-	25.00	25.00	250	7.35%	Annually and on maturity	Bullet repayment at maturity
IDFC IFL PP 6/2019	10-Jan-19	22-Feb-22	-	-	-	250	9.05%	Annually and on maturity	Bullet repayment at maturity
IDFC IFL PP 9/2017	01-Feb-17	13-Apr-22	-	150.00	150.00	1,500	8.00%	Annually and on maturity	Bullet repayment at maturity
IDFC IFL PP 10/2017	22-Mar-17	24-May-22	-	81.00	81.00	810	8.25%	Annually and on maturity	Bullet repayment at maturity
IDFC IFL PP 2/2018	26-Apr-17	26-May-22	-	101.00	-	1,010	8.01%	Annually and on maturity	Bullet repayment at maturity
IDFC IFL PP 1/2018	19-Apr-17	19-Jul-22	-	85.00	-	850	8.04%	Annually and on maturity	Bullet repayment at maturity
IDFC IFL PP 4/2018	12-Jul-17	11-Aug-22	-	100.00	-	1,000	7.94%	Annually and on maturity	Bullet repayment at maturity
IDFC IFL PP 3/2018	31-May-17	18-Aug-22	-	101.00	-	1,010	7.97%	Annually and on maturity	Bullet repayment at maturity
IDFC IFL PP 6/2018	19-Sep-17	10-Nov-22	-	340.00	-	3,400	7.73%	Annually and on maturity	Bullet repayment at maturity
IDFC IFL PP 5/2018	31-Aug-17	24-Nov-22	-	82.00	-	820	7.73%	Annually and on maturity	Bullet repayment at maturity
IDFC IFL PP 8/2018	18-Dec-17	14-Feb-23	-	215.50	-	2,650	8.08%	Annually and on maturity	Bullet repayment at maturity
IDFC IFL PP 9/2018	06-Feb-18	21-Feb-23	-	50.00	-	500	8.48%	Annually and on maturity	Bullet repayment at maturity
IDFC IFL PP 1/2019-Option I	18-Apr-18	26-May-23	-	-	-	600	8.37%	Annually and on maturity	Bullet repayment at maturity
IDFC IFL PP 10/2018	22-Mar-18	22-Aug-23	-	217.00	-	2,170	8.49%	Annually and on maturity	Bullet repayment at maturity
IDFC IFL PP 5/2019	12-Oct-18	23-Nov-23	-	-	-	120	9.12%	Annually and on maturity	Bullet repayment at maturity
IDFC IFL PP 4/2019	09-Jul-18	14-Aug-24	-	-	-	1,890	9.26%	Annually and on maturity	Bullet repayment at maturity
IDFC IFL PP 3/2019	27-Jun-18	27-Aug-24	-	-	-	470	9.21%	Annually and on maturity	Bullet repayment at maturity
IDFC IFL PP 7/2018	28-Nov-17	28-Nov-24	-	115.00	-	1,150	7.99%	Annually and on maturity	Bullet repayment at maturity
IDFC IFL PP 1/2019-Option II	18-Apr-18	27-May-25	-	-	-	440	8.42%	Annually and on maturity	Bullet repayment at maturity
IDFC IFL PP 2/2019	04-May-18	15-May-26	-	-	-	260	8.52%	Annually and on maturity	Bullet repayment at maturity
Total NCD's issued			-	3,321.50	1,915.00				
Less: Unamortized transaction cost			-	(0.69)	(0.45)				
Net NCD's outstanding			**-**	**3,320.81**	**1,914.55**				

c) Interest and repayment terms of Commercial Papers (‘CP’s’):

Series name	Issuance date	Maturity date	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017	Coupon rate	Payment frequency-Interest	Payment frequency-Principal
IDFC IDF 87 CP 3/2017	24-Jan-17	21-Apr-17	-	-	50.00	7.25%	Upfront	At maturity
IDFC IDF 87 CP 4/2017	24-Jan-17	21-Apr-17	-	-	50.00	7.25%	Upfront	At maturity
IDFC IDF 87 CP 5/2017	22-Mar-17	22-May-17	-	-	25.00	7.00%	Upfront	At maturity
IDFC IDF 87 CP 6/2017	22-Mar-17	21-Jun-17	-	-	25.00	7.00%	Upfront	At maturity
IDFC IDF 87 CP 7/2017	29-Mar-17	12-May-17	-	-	40.00	6.75%	Upfront	At maturity
IDFC 9 CP 02 / 2017	29-Mar-17	07-Apr-17	-	-	200.00	9.15%	Upfront	At maturity
IDFC IFL 101 CP 9/2018	23-Jan-18	04-May-18	-	75.00	-	7.95%	Upfront	At maturity
IDFC IFL 88 CP 10/2018	01-Feb-18	30-Apr-18	-	50.00	-	8.15%	Upfront	At maturity
IDFC IFL 89 CP 11/2018	23-Feb-18	23-May-18	-	25.00	-	8.15%	Upfront	At maturity
IDFC IFL 89 CP 12/2018	28-Feb-18	28-May-18	-	25.00	-	8.05%	Upfront	At maturity
IDFC IFL 91 CP 13/2018	15-Mar-18	14-Jun-18	-	50.00	-	7.86%	Upfront	At maturity
IDFC IFL 91 CP 1/2019	25-Apr-18	24-Jul-18	-	-	-	7.15%	Upfront	At maturity
IDFC IFL 100 CP 2/2019	25-Apr-18	03-Aug-18	-	-	-	7.15%	Upfront	At maturity
IDFC IFL 91 CP 3/2019	24-May-18	23-Aug-18	-	-	-	8.65%	Upfront	At maturity
IDFC IFL 91 CP 4/2019	07-Jun-18	06-Sep-18	-	-	-	8.25%	Upfront	At maturity
IDFC IFL 116 CP 5/2019	07-Jun-18	25-Sep-18	-	-	-	8.35%	Upfront	At maturity
IDFC IFL 30 CP 6/2019	18-Dec-18	17-Jan-19	-	-	-	7.40%	Upfront	At maturity
IDFC IFL 87 CP 7/2019	18-Dec-18	15-Mar-19	-	-	-	7.50%	Upfront	At maturity
Total CP’s issued			-	225.00	390.00			
Less: Unexpired discount				(2.21)	(1.61)			
Net CP’s outstanding				222.79	388.39			

d) Ratings assigned by credit rating agencies and migration of ratings during the year

	As at March 31, 2019		As at March 31, 2018		As at April 1, 2017	
	CARE Rating Limited	ICRA Limited	CARE Rating Limited	ICRA Limited	CARE Rating Limited	ICRA Limited
Rating assigned	AAA	AAA	AAA	AAA	AAA	AAA
Date of rating	August 13, 2018	August 03, 2018	July 05, 2017	July 03, 2017	August 23, 2016	June 20, 2016
Rating valid upto	August 12, 2019	August 02, 2019	July 04, 2018	July 02, 2018	August 22, 2017	June 19, 2017

The validity of the rating is subject to periodical revalidation by rating agencies.

e) There is no Debenture Redemption Reserve (DRR) created as the Non Banking Financial Companies registered with Reserve Bank of India are not required to create DRR for the privately placed debentures.

f) Details about the nature of the security

The above debt securities are secured by way of mortgage of freehold land and a first floating pari passu charge by way of hypothecation of receivables of the company arising out of its investments, loans, current assets, loans and advances, both present and future, excluding investments in and other receivables from subsidiaries and affiliates of the IDFC group and lien marked assets.

In terms of the RBI circular (Ref No. DNBR .PD. 008 / 03.10.119 / 2016-17 dated September 01, 2016) no borrowings remained overdue as on March 31, 2019, March 31, 2018 and March 31, 2017.

18. OTHER FINANCIAL LIABILITIES

(₹ in crore)

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Interest accrued but not due on debt securities	-	120.25	66.90
Unclaimed dividend	2.13	2.21	2.34
Security deposits	1.44	1.77	1.77
Retention money	-	-	0.05
Other payables	-	16.17	0.83
Total	3.57	140.40	71.89

19. INCOME TAX LIABILITIES

(₹ in crore)

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Provision for income tax (net of advance tax)	18.31	22.46	21.50
Provision for fringe benefit tax (net of advance tax)	0.04	3.59	3.59
Total	18.35	26.05	25.09

20. PROVISIONS

(₹ in crore)

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Provision for gratuity [Refer note 35(b)]	4.79	-	0.01
Loan commitment	9.65	31.43	37.70
Total	14.44	31.43	37.71

21. DEFERRED TAX LIABILITIES

The balance comprises temporary differences attributable to:

(₹ in crore)

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Property, plant and equipments	7.00	9.40	17.93
Financial assets at fair value through profit or loss	0.17	24.67	7.40
Fair valuation of security deposits	6.89	(0.54)	(0.23)
Cash settled share based payments	(1.30)	-	-
Investment in associates	0.36	204.26	118.46
Total deferred tax liabilities	13.12	237.79	143.56

22. OTHER NON-FINANCIAL LIABILITIES

(₹ in crore)

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Income and other amounts received in advance	0.21	16.75	11.17
Funds received for investor education	-	1.75	0.36
Liabilities for restricted grants*	3.44	1.36	-
Cash settled share based payments	4.47	1.67	-
Employee benefit payable	29.67	23.06	0.67
Statutory dues	16.47	17.94	17.35
Total	54.26	62.53	29.55

* Liabilities for restricted grants include ₹ 3.44 crore (March 31, 2018: ₹ 1.36 crore ; April 1, 2017: ₹ Nil) for the year ended March 31, 2019 pertaining to IDFC Foundation held for specified purposes.

23A EQUITY SHARE CAPITAL

(₹ in crore)

	As at March 31, 2019		As at March 31, 2018		As at April 1, 2017	
	Number	₹	Number	₹	Number	₹
Authorised shares						
Equity shares of ₹ 10 each	4,000,000,000	4,000.00	4,000,000,000	4,000.00	4,000,000,000	4,000.00
Preference shares of ₹ 10 each	100,000,000	1,000.00	100,000,000	1,000.00	100,000,000	1,000.00
Issued, subscribed & fully paid-up shares						
Equity shares of ₹ 10 each	1,596,358,316	1,596.36	1,596,354,566	1,596.35	1,595,941,570	1,595.94
Total	1,596,358,316	1,596.36	1,596,354,566	1,596.35	1,595,941,570	1,595.94

a) Movements in equity share capital

(₹ in crore)

	As at March 31, 2019		As at March 31, 2018		As at April 1, 2017	
	Number	₹	Number	₹	Number	₹
Outstanding at the beginning of the year	1,596,354,566	1,596.35	1,595,941,570	1,595.94	1,594,020,668	1,594.02
Stock options exercised	-	-	-	-	-	-
Shares issued during the year	3,750	0.01	412,996	0.41	1,920,902	1.92
Outstanding at the end of the year	1,596,358,316	1,596.36	1,596,354,566	1,596.35	1,595,941,570	1,595.94

b) Terms and rights attached to equity shares

The Group 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.

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

The dividend proposed by the board of directors is subject to the approval of shareholders at the ensuing annual general meeting, except in case of interim dividend.

c) Shares reserved for issue under options

Information relating to the IDFC Limited Employee Stock Option Scheme (ESOS), including details regarding options issued, exercised and lapsed during the year and options outstanding at the end of the reporting period is set out in note 51.

d) Details of shareholders holding more than 5% of the shares in the Group

(₹ in crore)

Equity shareholders	As at March 31, 2019		As at March 31, 2018		As at April 1, 2017	
	Number	% holding	Number	% holding	Number	% holding
President of India	261,400,000	16.37	261,400,000	16.37	261,400,000	16.38
Sipadan Investments (Mauritius) Limited	151,145,989	9.47	151,145,989	9.47	151,145,989	9.47
First State Investments ICVC	-	-	-	-	94,016,080	5.89

23B RESERVES AND SURPLUS

(₹ in crore)

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Surplus in the statement of profit and loss	1,724.86	2,691.81	2,077.10
Securities premium	2,523.47	2,523.46	2,521.64
General reserve	314.55	314.55	312.37
Special reserve u/s. 36(1)(viii) of the Income-tax Act, 1961	3,053.25	3,053.25	3,053.25
Share options outstanding account	22.61	13.51	16.92
FVOCI - equity investments	3.97	4.91	6.35
Foreign currency translation reserve	27.77	0.66	-
Statutory reserves	1,117.97	1,077.46	978.16
Total	8,788.45	9,679.61	8,965.79

a) Surplus in the statement of profit and loss

(₹ in crore)

	As at March 31, 2019	As at March 31, 2018
Opening balance	2,691.81	2,077.10
Net profit for the period	(839.18)	869.15
Other comprehensive income	(37.87)	(114.54)
Share based payments		
- *Options lapsed during the year*	2.74	2.37
Dividends paid	(119.73)	(39.90)
Dividend distribution tax	(10.97)	(12.41)
Adjustment on sale of subsidiary	32.53	-
Share of reserves of associates accounted using equity method of accounting net of deferred tax	78.57	9.34
Transfers to:		
- Special reserve u/s. 45-IC of the RBI Act, 1934	(73.04)	(99.30)
Closing Balance	1,724.86	2,691.81

b) Securities premium

(₹ in crore)

	As at March 31, 2019	As at March 31, 2018
Opening balance	2,523.46	2,521.64
Changes during the year	0.01	1.82
Closing balance	2,523.47	2,523.46

c) Capital reserve

(₹ in crore)

	As at March 31, 2019	As at March 31, 2018
Opening balance	314.55	312.37
Appropriations during the year	-	2.18
Closing balance	314.55	314.55

d) Special reserve u/s. 36(1)(viii) of the Income-tax Act, 1961

(₹ in crore)

	As at March 31, 2019	As at March 31, 2018
Opening balance	3,053.25	3,053.25
Appropriations during the year	-	-
Closing balance	3,053.25	3,053.25

e) Special reserves u/s 45-IC of RBI Act, 1934

(₹ in crore)

	As at March 31, 2019	As at March 31, 2018
Opening balance	1,077.46	978.16
Appropriations during the year	40.51	99.30
Closing balance	1,117.97	1,077.46

f) Share options outstanding account

(₹ in crore)

	As at March 31, 2019	As at March 31, 2018
Opening balance	13.51	16.92
Employee stock option expense for the year	13.78	0.89
Options exercised during the year	(0.62)	(0.45)
Options lapsed during the year	(2.74)	(3.85)
Options cancelled during the year	(1.32)	-
Closing balance	22.61	13.51

23C. OTHER RESERVES

(₹ in crore)

	As at March 31, 2019	As at March 31, 2018
FVOCI - equity investments	3.97	4.91
Foreign currency translation reserve	27.77	0.66
Total	31.74	5.57

a) FVOCI - equity investments

(₹ in crore)

	As at March 31, 2019	As at March 31, 2018
Opening balance	4.91	6.35
Change in fair value of FVOCI - equity investments	(0.94)	(1.44)
Closing balance	3.97	4.91

b) Foreign currency translation reserve

(₹ in crore)

	As at March 31, 2019	As at March 31, 2018
Opening balance	0.66	-
Exchange differences on translation of foreign operations	27.11	0.66
Closing balance	27.77	0.66

23D. NATURE AND PURPOSE OF RESERVE

a) Securities premium

It is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

b) General reserve

Under the erstwhile Companies Act, 1956, general reserve was created through an annual transfer of net income at specified percentage in accordance with applicable regulations. The purpose of these transfer was to ensure that if dividend distribution in the given year is more than 10% of paid up capital of the Company of that year, then the total dividend distribution is less than the total distributable results of the year. Consequent to introduction of Companies Act, 2013, the requirement to transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of the Companies Act, 2013.

c) FVOCI - equity investments

The Group has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVOCI - equity investments reserve within equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

d) Special reserves u/s 45-IC of RBI Act, 1934

As per section 45-IC of RBI Act, 1934, every non-banking financial company (NBFC) shall create a reserve fund and transfer therein a sum not less than twenty per cent (20%) of its net profit every year as disclosed in the profit and loss account and before any dividend is declared. No appropriation of any sum from the reserve fund shall be made by the non-banking financial company.

e) Share options outstanding account

The share options outstanding account is used to recognise the grant date fair value of options issued to employees under Employee Stock Option Scheme (ESOS) over the vesting period. (Refer Note 51)

f) Special reserve u/s. 36(1)(viii) of the Income-tax Act, 1961

As per section 36(1)(viii) of Income tax act, 1961, deduction shall be allowed in respect of any special reserve created and maintained by specified entities, for an amount not exceeding twenty percent (20%) of the profits derived from eligible business (computed under the head “Profits and gains of business or profession” (before making any deduction under this clause) carried to such reserve account.

Provided that where the aggregate of the amounts carried to such reserve account from time to time exceeds twice the amount of the paid up share capital and of the general reserves of the specified entity, no allowance under this clause shall be made in respect of such excess.

g) Foreign currency translation reserve

Exchange difference arising on translation of foreign operations are recognised in other comprehensive income as described in accounting policy are accumulated in special reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed off.

24. INTEREST INCOME

(₹ in crore)

	Year ended March 31, 2019	Year ended March 31, 2018
On financial assets measured at amortised costs:		
Interest on investments	8.21	5.73
Interest on deposits with banks	6.52	11.11
Total	14.73	16.84

25. NET GAIN/(LOSS) ON FAIR VALUE CHANGES

(₹ in crore)

	Year ended March 31, 2019	Year ended March 31, 2018
Net gain/(loss) on financial instruments at FVTPL		
On trading portfolio		
- Debt instrument at FVTPL	1.03	2.03
On financial instruments designated at FVTPL	30.29	126.01
Total (A)	31.32	128.04
Fair value changes:		
Realised	65.87	68.98
Unrealised	(34.55)	59.06
Total (B)	31.32	128.04

26. DIVIDEND INCOME

(₹ in crore)

	Year ended March 31, 2019	Year ended March 31, 2018
Dividend income from financial instruments at FVTPL	0.33	0.17
Total	0.33	0.17

27. OTHER INCOME

(₹ in crore)

	Year ended March 31, 2019	Year ended March 31, 2018
Interest on income tax refund	-	6.56
Other interest	0.04	2.15
Corpus donations	20.82	15.88
Other donations	ß	0.06
Rental income	3.68	3.68
Gain on transfer of business (Refer note 37)	116.37	0.15
Restricted grants	2.27	1.24
Policy advocacy	-	0.71
Sitting fees	0.02	0.03
Gain on sale of property, plant and equipment	0.10	-
Sale of power	10.57	15.01
Miscellaneous income	8.80	4.95
Total	162.67	50.42

28 FINANCE COST

(₹ in crore)

	Year ended March 31, 2019	Year ended March 31, 2018
On financial liabilities measured at amortised cost:		
- Interest on debt securities	-	0.32
Other borrowing costs	4.80	0.26
Total	4.80	0.58

29 IMPAIRMENT ON FINANCIAL INSTRUMENTS

(₹ in crore)

	Year ended March 31, 2019	Year ended March 31, 2018
On Financial instruments measured at Amortised Cost:		
Loan commitment	8.95	5.07
Security deposit	(0.03)	0.55
Provision against non-performing loans and advances	2.74	4.78
Impairment on loans/ investments	27.14	5.98
Total	38.80	16.38

30 EMPLOYEE BENEFIT EXPENSE

(₹ in crore)

	Year ended March 31, 2019	Year ended March 31, 2018
Salaries, wages and bonus	110.11	139.13
Contribution to provident and other funds (Refer note 35(a))	4.79	5.53
Gratuity expense	1.63	2.49
Employee share based payment expense [Refer note 51(e])	19.20	1.03
Staff welfare expense	3.33	2.70
Total	139.06	150.88

31 DEPRECIATION, AMORTISATION AND IMPAIRMENT

(₹ in crore)

	Year ended March 31, 2019	Year ended March 31, 2018
Depreciation of property, plant and equipment	12.18	12.68
Amortisation of intangible assets	1.75	-
Total	13.93	12.68

32 OTHER EXPENSES

(₹ in crore)

	Year ended March 31, 2019	Year ended March 31, 2018
Rent	16.41	18.36
Rates and taxes	3.61	3.24
Electricity	1.59	1.50
Repairs and maintenance		
- Equipments	3.52	3.53
- Others	6.67	6.62
Insurance charges	0.91	0.42
Travelling and conveyance	7.17	8.80
Printing and stationery	2.28	2.46
Communication costs	3.53	4.88
Advertising and publicity	13.85	27.19
Professional fees	21.98	37.29
Directors' sitting fees	0.87	1.00
Commission to directors	1.20	0.57
Bad debts written off	0.04	-
Loss on disposal of property, plant and equipment (net)	0.11	0.05
Other operating expenses	40.83	72.77
Contribution for corporate social responsibility (CSR) [Refer note (b) below]	0.10	0.27
Auditors' remuneration [refer note (a) below]	1.17	1.19
Shared service costs (net)	8.76	(2.34)
Grants to implementing partners	4.82	4.46
Financial inclusion and skill development	9.67	25.11
Fee for research fellows	1.81	1.53
Donations	0.05	0.03
Bank charges	0.03	0.03
Distribution fees	9.28	14.36
Miscellaneous expenses	15.64	11.32
Total	175.90	244.64

a) Breakup of Auditors' remuneration

(₹ in crore)

	Year ended March 31, 2019	Year ended March 31, 2018
Audit fees	0.71	1.01
Tax audit fees	0.04	0.04
Taxation matters	-	-
Other Services	0.12	0.13
Out-of-pocket expenses	0.30	0.01
Total	1.17	1.19

b) Contribution for corporate social responsibility (CSR)

Amount required to be spent by the Group on Corporate Social Responsibility (CSR) related activities during the period ₹ 0.10 crore (March 31, 2018: ₹ 0.27 crore). Amount spent towards CSR during the year and recognised as expense in the statement of profit and loss on CSR related activities is ₹ 0.10 crore (March 31, 2018: ₹ 0.27 crore), which comprise of following: (₹ in crore)

	Year ended March 31, 2019	Year ended March 31, 2018
Amount spent during the year on:		
(i) Construction/acquisition of an asset	-	-
(ii) On purposes other than (i) above	0.10	0.27
Total	0.10	0.27

There is no outstanding to be paid in cash out of total amount spent on Corporate Social Responsibility (CSR) related activities.

33 INCOME TAX

a) The components of income tax expense for the years ended March 31, 2019 and March 31, 2018 are: (₹ In Crore)

	Year ended March 31, 2019	Year ended March 31, 2018
I. Tax expense recognised in statement of profit and loss		
Current tax		
Current tax on profit for the year	108.61	62.55
Adjustments for current tax of prior years	(29.39)	0.29
Total current tax expense	79.22	62.84
Deferred tax		
Decrease / (Increase) in deferred tax assets	15.31	(8.58)
(Decrease) / Increase in deferred tax liabilities	(207.80)	156.95
Total deferred tax expense/(benefit)	(192.49)	148.37
Total tax expense for the year	(113.27)	211.21
Income tax attributable to:		
- Profit from continuing operations	(148.46)	197.55
- Profit from discontinued operations	35.19	13.66
	(113.27)	211.21

b) Reconciliation of the total tax charge

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the years ended March 31, 2019 and March 31, 2018 is as follows:

(₹ in crore)

	Year ended March 31, 2019	Year ended March 31, 2018
Profit from continuing operations before tax expense	(700.32)	977.22
Profit from discontinued operations before tax expense	(234.28)	118.58
Tax at India's statutory income tax rate of 29.12% (previous year 34.608%)	(272.16)	379.23
Tax effect of the amount which are not taxable in calculating taxable income	(30.54)	(35.04)
Effect for tax losses for which no deferred tax asset was recognised	12.51	8.07
Effect for tax profits for which no deferred tax liability was recognised	(6.84)	(2.76)
Effect of tax on income taxable under different tax rates	80.69	(118.95)
Changes in opening deferred tax asset/ liability due to changes in tax rates	0.00	(2.93)
Expenses not deductible for tax purposes	116.12	9.29
Adjustments for current tax of prior periods	(29.39)	0.29
Effect of reversal of opening deferred tax asset as utilization is not probable	5.99	(0.84)
Different statutory tax rates applied by the group entities	4.88	(13.47)
Other	5.47	(11.68)
Income tax expense at effective tax rate	(113.27)	211.21
Effective tax rate	16.17%	21.61%

c) Tax losses

(₹ in crore)

	Year ended March 31, 2019	Year ended March 31, 2018
Unused tax losses for which no deferred tax asset has been recognised	63.99	73.82
Potential tax benefit at 29.12% (March 31, 2018: 34.608%)	18.63	25.55

d) Unrecognised temporary differences

(₹ in crore)

	Year ended March 31, 2019	Year ended March 31, 2018
Temporary differences relating to investment in subsidiaries and joint ventures for which deferred tax liabilities have not been recognised		
- Undistributed earnings of subsidiary*	319.86	499.71
- Undistributed earnings of joint venture**	200.36	169.41

* Certain subsidiaries of the Group have undistributed earnings of ₹ 319.86 crore (March 31, 2018: ₹499.71 crore) which, if paid out as dividends, would be subject to tax in the hands of the recipient. An assessable temporary difference exists, but no deferred tax liability has been recognised as the parent entity has ability to control the timing of distributions from these subsidiaries.

The Group has not recognised deferred tax asset on accumulated losses of certain subsidiaries and associates, as the Group does not foresee a reasonable certainty of sufficient future income available against which these accumulated losses can be utilised.

** The joint ventures of the Group have undistributed earnings of ₹ 200.36 crore (March 31, 2018: ₹ 169.41 crore) which will be remitted to IDFC Foundation having joint control over these joint venture .The IDFC Foundation is a Section 8 Company registered for specified purpose with an intention to prohibit payment of dividends to its shareholders i.e. IDFC Limited and hence no differed tax liability is recognised as the Group will not receive any distribution out of these profits in the foreseeable future.

34. OPERATING LEASE COMMITMENTS – GROUP AS LESSEE

The Company has entered into cancellable as well as non-cancellable leasing arrangements for office premises at various locations in India generally for a period of 36 months. Rent includes gross rental expenses of ₹ 12.68 crore (March 31, 2018: ₹ 12.02 crore). The committed lease rentals in the future are:

(₹ in crore)

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Not later than one year	11.75	12.68	12.02
Later than one year and not later than five years	1.97	11.94	22.41
Later than five years	-	-	-

35 EMPLOYEE BENEFIT OBLIGATIONS

a) Defined contribution plans

The Company has recognised the following amounts in the statement of profit and loss towards contribution to defined contribution plans which are included under contribution to provident and other funds:

(₹ in crore)

	Year ended March 31, 2019	Year ended March 31, 2018
Provident fund	3.94	4.45
Pension fund	0.62	0.73
Superannuation fund	0.22	0.36

b) Defined benefit plans

The Company has a defined benefit gratuity plan in India (funded). The Company's defined benefit gratuity plan is a final salary plan for India employees, which requires contributions to be made to a separately administered fund. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age.

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet for the respective plans:

i) Balance Sheet

(₹ in crore)

	Present value of obligation	Fair value of plan assets	Net amount
As at April 1, 2017	8.61	8.60	0.01
Current service cost	1.75	-	1.75
Interest expense/(income)	0.70	0.37	0.33
Return on plan assets	-	0.31	(0.31)
Actuarial loss / (gain) arising from change in financial assumptions	(0.89)	(0.01)	(0.88)
Actuarial loss / (gain) arising from change in demographic assumptions	0.30	-	0.30
Actuarial loss / (gain) arising on account of experience changes	0.64	-	0.64
Actual return on plan assets less interest on plan assets	-	(0.05)	0.05
Employer contributions	-	4.46	(4.46)
Liabilities assumed / settled	0.79	-	0.79
Assets acquired / settled	-	0.16	(0.16)
Benefit payments	(0.22)	(2.14)	1.92
As at March 31, 2018	11.68	11.70	(0.02)
Current service cost	1.78	-	1.78
Interest expense/(income)	0.81	0.73	0.08
Return on plan assets	-	0.06	(0.06)
Actuarial loss / (gain) arising from change in financial assumptions	1.68	ß	1.68
Actuarial loss / (gain) arising from change in demographic assumptions	ß	-	ß
Actuarial loss / (gain) arising on account of experience changes	1.86	-	1.86
Actual return on plan assets less interest on plan assets	-	0.06	(0.06)
Reversal of the liability	-	0.08	(0.08)
Employer contributions	(0.77)	(0.32)	(0.45)
Benefit payments	(0.49)	(0.54)	0.05
As at March 31, 2019	16.56	11.77	4.79

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Present value of plan liabilities	16.56	11.68	8.61
Fair value of plan assets	11.77	11.70	8.60
Plan liability net of plan assets	4.79	(0.02)	0.01

ii) Statement of Profit and Loss

	Year ended March 31, 2019	Year ended March 31, 2018
Employee Benefit Expenses:		
Current service cost	1.78	1.76
Interest cost	(0.05)	0.11
(Gains) / losses on settlement	-	0.62
Total	1.73	2.49
Finance cost	-	-
Net impact on the profit before tax	1.73	2.49
Remeasurement of the net defined benefit liability:		
Return on plan assets excluding amounts included in interest expense/income	(0.07)	-
Actuarial gains/(losses) arising from changes in demographic assumptions	ß	0.06
Actuarial gains/(losses) arising from changes in financial assumptions	(1.68)	-
Actuarial gains/(losses) arising from changes in experience	(1.86)	-
Actual return on plan assets less interest on plan assets	0.06	-
Income tax relating to above	1.09	(0.02)
Net impact on the other comprehensive income before tax	(2.46)	0.04

iii) Defined benefit plan assets

Category of assets (% allocation)	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Insurer managed funds			
- Government securities	28.49%	36.36%	34.73%
- Deposit and money market securities	14.88%	5.00%	7.13%
- Debentures / bonds	54.84%	54.16%	53.69%
- Equity shares	1.79%	4.47%	4.47%
Total	100.00%	100.00%	100.00%

iv) Actuarial assumptions

With the objective of presenting the plan assets and plan liabilities of the defined benefits plans and post retirement medical benefits at their fair value on the balance sheet, assumptions under Ind-AS 19 are set by reference to market conditions at the valuation date.

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Discount rate	6.70 to 7.90	7.35 to 8.20	6.55 to 7.10
Salary escalation rate*	9%	8%	8%

* takes into account the inflation, seniority, promotions and other relevant factors

v) Demographic assumptions

Mortality in Service : Indian Assured Lives Mortality (2012-14)

vi) Sensitivity (₹ in crore)

As at March 31, 2019	Change in assumption	Impact on defined benefit obligation	
		Increase	Decrease
Discount rate	0.50%	-0.52%	0.56%
Salary escalation rate	0.50%	0.55%	-0.51%

As at March 31, 2018	Change in assumption	Impact on defined benefit obligation	
		Increase	Decrease
Discount rate	0.50%	-1.01%	1.06%
Salary escalation rate	0.50%	1.05%	-1.01%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

vii) Maturity

The defined benefit obligations shall mature after year end as follows:

(₹ in crore)

	As at March 31, 2019	As at March 31, 2018
within 12 months	3.55	2.89
Between 2-5 years	4.14	3.30
Between 5-10 years	8.59	2.78
Beyond 10 years	24.78	16.73

The weighted average duration to the payment of these cash flows is 1.09 years to 9.72 years (March 31, 2018: 2.07 years to 9.22 years).

36 Discontinued operation

a) IDFC Infrastructure Finance Limited

The Group had entered into a Share Purchase Agreement ("SPA") with National Infrastructure and Investment Fund II ('NIIF') on October 30, 2019, for sale of its entire investment in IDFC Infrastructure Finance Limited ("IIFL"). Pursuant to the said agreement, the sale is to be completed in two tranches. The Group had sold 278,000,000 shares (51.48%) in IIFL to NIIF on March 12, 2019 ("Tranche I") for a total consideration of ₹ 425.43 crore.

The remaining equity investment i.e. 162,000,000 shares (30%) of IDF ("Tranche II") has been considered as an investment in associate as the Group continues to exercise significant influence over IIFL. Under the SPA, the sale of Tranche II shares is subject to certain terms, conditions, and regulatory approvals. The Group expects the sale to be highly probable and will be completed within the next 12 months. Accordingly, the investment in the associate is classified as held for sale as on March 31, 2019.

Further, the fair value less cost to sale the investment is higher than the carrying value as on March 31, 2019, hence no impairment loss has been considered for recognition.

i) Financial performance and cash flow information (after inter-company eliminations) (In ₹ crore)

	Year ended March 31, 2019 *	Year ended March 31, 2018
Revenue	402.03	333.78
Expenses	308.31	249.35
Profit before tax	93.72	84.43
Tax expense	-	-
Profit after tax	93.72	84.43
Other comprehensive income	(0.14)	0.09
Total comprehensive income	93.58	84.52
Total comprehensive income attributable to owners	76.25	68.87
Gain on sale of the subsidiary after tax (refer note (ii) below)	(13.28)	-
Total profit from discontinued operation attributable to owners	62.97	68.87
Net cash inflow from operating activities	(251.80)	(1,459.25)
Net cash inflow (outflow) from investing activities	(0.68)	(0.91)
Net cash (outflow) from financing activities	228.03	1,488.95
Net increase in cash generated from discontinued operation	(24.45)	28.79

* includes figures for the period April 1, 2019 to Feb 28, 2019.

ii) Details of the sale of subsidiary (In ₹ crore)

	Year ended March 31, 2019 *
Cash consideration	388.91
Contingent consideration receivable (refer note iii below)	36.52
Fair value of retained interest of 30%	266.23
Less: Transaction cost	(7.36)
Net consideration received	684.30
Net assets disposed off	(667.39)
Gain on sale before tax	16.91
Income tax expense on gain	
- Current tax	30.19
Gain on sale after tax	(13.28)

iii) Significant estimate: Contingent consideration receivable

Under Tranche I, the total sale consideration was ₹ 452.15 crore for sale of 51.48% stake in IIFL, which comprised of combination of cash aggregating to ₹ 388.91 crore and contingent consideration aggregating to ₹ 63.24 crore.

The receipt of contingent consideration is conditional upon receipt of retrospective tax exemption notification for IIFL from CBDT under section 10(47) of Income Tax Act, 1961. In the event of retrospective receipt of tax exemption notification, additional consideration of ₹ 63.24 crore may be receivable in cash which has been deposited into an escrow account by NIIF.

A contractual right to receive cash when the contingency is resolved, meets the definition of financial asset. Consequently, a contingent asset of ₹ 36.52 crore has been recognised at fair value as on March 31, 2019 for the sale of 51.48% stake in IIFL. The fair value was estimated by calculating the present value of probability-weighted cash inflows. The estimates are based on pre-tax discount rate of 8%. It is expected that CBDT would have reached a decision regarding issuance of notification by September 2019. The subsequent changes in the fair value of contingent asset will be recognised as other gains/(losses) in statement of profit and loss.

iv) The carrying amounts of assets and liabilities as on date of sale (March 11, 2019):

	(In ₹ crore)
Cash and cash equivalents	7.55
Loans	4,612.98
Investments	77.12
Other financial assets	31.67
Income tax assets	72.95
Property, plant and equipment	1.30
Other non-financial assets	0.45
Total assets	4,804.02
Debt securities	3,823.20
Other financial liabilities	155.34
Provisions	1.29
Other non-financial liabilities	5.10
Total liabilities	3,984.93
Net assets derecognised	
- Attributable to IDFC Limited	667.39
- Non-controlling interest	151.71

b) IDFC Securities Limited

The Group had entered into a Share Purchase Agreement ("SPA") with TCG Advisory Services Private Limited ('TCG') on March 7, 2019, for sale of its entire investment in IDFC Securities Limited ("ISL"). Pursuant to the said understanding, the sale is to be completed in two tranches.

The Group would sell 6,361,740 shares (45%) ("Tranche I") and 7,775,460 shares (55%) ("Tranche II") in ISL to TCG for a total consideration of ₹ 161.72 crore resulting into loss on sale of ₹ 343.38 crore.

Under the SPA, the sale of Tranche I shares is subject to certain terms, conditions, and regulatory approvals. The Group expects the sale to be highly probable and will be completed within the next 12 months. Accordingly, the investment in the ISL is classified as held for sale as on March 31, 2019.

Further, the fair value less cost to sell of this investment is lower than the carrying value as on March 31, 2019 and hence, impairment loss of ₹ 343.38 crore has been recognized as loss from discontinued operations under the statement of profit and loss.

i) Financial performance and cash flow information (after intercompany eliminations) (In ₹ crore)

	Year ended March 31, 2019 *	Year ended March 31, 2018
Revenue	54.90	111.89
Expenses	(56.36)	(76.58)
Impairment loss [refer Note 12 (a)(ii)]	(343.38)	-
Profit/ (Loss) before tax	(344.84)	35.31
Tax expense (net)	5.03	13.65
Profit/ (Loss) after tax	(349.87)	21.66
Other comprehensive income	(2.13)	(0.89)
Total comprehensive income/ (loss) from discontinued operation attributable to owner	(352.00)	20.77
Net cash inflow from operating activities	1.83	33.06
Net cash inflow (outflow) from investing activities	(25.20)	(22.94)
Net cash (outflow) from financing activities	(25.79)	(0.75)
Net increase in cash generated from discontinued operation	(49.16)	9.37

ii) The carrying amounts of assets and liabilities as at March 31, 2019 are as follows:

(In ₹ crore)

	As at March 31, 2019
Cash and cash equivalents	10.02
Bank balances other than cash and cash equivalents	58.10
Receivables	4.67
Loans	0.02
Investments	50.90
Other financial assets	5.02
Income tax assets	16.23
Deferred tax assets	1.91
Property, plant and equipment	6.55
Goodwill	23.84
Intangible assets	0.36
Other non-financial assets	3.21
Total assets	180.83
Payables	1.59
Provisions	2.43
Income tax liabilities	0.35
Other non-financial liabilities	11.75
Total liabilities	16.12
Net assets	164.71

37. ASSET HELD FOR SALE DURING THE YEAR

IDFC Alternatives Limited, a wholly owned subsidiary of the Group, entered into a business transfer agreement with Global Infrastructure Partners India LLP (GIP) on April 27, 2018 and InvestCorp Asia Services PTE Ltd (InvestCorp) on July 26, 2018 to transfer investment management rights, identified assets and identified liabilities as a business undertaking on a going concern basis for a lump sum consideration without being values assigned to individual assets and liabilities. The transaction qualifies to be a slump sale u/s 2(42C) of the Income Tax Act, 1961. The business undertaking transferred comprises of:

a) The investment management rights for the following funds:

i) India Infrastructure Fund I (GIP)
ii) India Infrastructure Fund II (GIP)
iii) Real Estate Fund 1 (InvestCorp)
iv) Real Estate Fund 2 (InvestCorp)
v) Private Equity Fund 3 (InvestCorp)
vi) Private Equity Fund 4 (InvestCorp)

b) Transferred assets which are used or held for use specifically in relation to the business undertaking

c) Assumed liabilities incurred specifically in relation to the business undertaking

However the transfer of business undertaking specifically excludes other businesses of IDFC Alternatives Limited.

i) Transfer of business management rights for India Infrastructure Fund I &II

The business management rights of India Infrastructure Fund I (registered as Venture Capital Fund under VCF regulations) and India Infrastructure Fund II (registered as Alternate Investment Fund - Category I under AIF regulation) were transferred to Global Infrastructure Partners India LLP.

Subject to the terms and conditions of the slump sale agreement, the Global Infrastructure Partners India LLP has paid a consideration of USD 2.62 crore (₹ 178.87 crore) for the transfer of the business undertaking inclusive of any transfer tax payable. The net profit on sale was ₹ 111.36 crore.

ii) Transfer of business management rights for Real Estate Fund (1 &2) and Private Equity Fund (3&4)

The business management rights of Private equity and Real Estate Funds were transferred to InvestCorp Asia Services PTE limited. The consideration paid by the Invest Corp is USD 0.071 crore (₹ 5.01 crore). The net profit on sale was ₹ 5.01 crore.

38 SEGMENT INFORMATION

(In ₹ crore)

	Year ended March 31, 2019	Year ended March 31, 2018	Year ended April 1, 2017
Segment revenues			
- Financing	77.38	271.46	
- Asset management	330.12	408.20	
- Others	1.32	4.69	
Total segment revenues	408.82	684.35	
Add: Unallocated revenues	-	-	
Less: Inter-segment adjustments	(53.35)	(64.63)	
Total Revenues	355.47	619.72	
Segment results			
- Financing	(43.08)	167.41	
- Asset management	191.31	92.97	
- Others	(2.58)	(15.40)	
Total segment results	145.65	244.98	
Add / (Less): Unallocated	-	-	
Add: Share of profit from associates and joint ventures accounted under equity method	(845.97)	732.24	
Profit before tax	(700.32)	977.22	
Segment assets			
- Financing	793.06	849.22	645.00
- Asset management	1,345.02	1,328.51	1,149.58
- Others	263.66	632.91	877.28
Total segment assets	2,401.74	2,810.64	2,671.86
Unallocated			
- Banking	7,516.60	8,040.85	7,616.21
- Others	192.41	114.32	76.37
- Disposal group held for sale	447.12	4,636.52	3,051.56
Total assets	10,557.87	15,602.33	13,416.00
Segment liabilities			
- Financing	26.50	2.33	195.67
- Asset management	64.13	150.58	35.73
- Others	5.37	22.12	89.85
Total segment liabilities	96.00	175.03	321.25
Unallocated			
- Others	32.42	250.69	168.65
- Disposal group held for sale	16.13	3,744.38	2,245.82
Total liabilities	144.55	4,170.10	2,735.72
Capital employed			
- Financing	766.56	846.89	449.33
- Asset management	1,280.89	1,177.93	1,113.85
- Others	258.29	610.79	787.43
Total segment capital employed	2,305.74	2,635.61	2,350.61
Unallocated			
- Banking	7,516.60	8,040.85	7,616.21
- Others	159.99	(136.37)	(92.28)
- Disposal group held for sale	430.99	892.14	805.74
Total capital employed	10,413.32	11,432.23	10,680.28

i) The Group identifies primary segments based on the dominant source, nature of risk and returns and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated by the Chief Operating Decision Maker.

ii) The Group has reorganised its segment structure on account of divestment of IDFC Infrastructure Finance Limited, IDFC Securities Limited and investment management rights of IDFC Alternatives. The new segment structure will enable an even more differentiated steering of the business, taking into account market-specific requirements and the competitive environment. It will further increase the transparency of the segment results. Previous period segment figures are regrouped in accordance with revised segment structure.

iii) Segment composition :
- Financing includes investing activity
- Asset Management segment includes portfolio management, mutual fund and other alternative funds.

39. DIVIDEND PAID AND PROPOSED DURING THE YEAR

(₹ in crore)

	Year ended March 31, 2019	Year ended March 31, 2018
A. Declared and paid during the year		
Dividends on ordinary shares:		
- Final dividend for 2019: Nil per share (2018: 0.75 per share)	119.73	39.90
- Interim dividend for 2019: Nil per share (2018: Nil per share)	-	-
Total dividends paid	119.73	39.90
B. Proposed for approval at Annual General Meeting (not recognized as a liability as at March 31, 2019)		
Dividend on ordinary shares		
- Final dividend for 2019: Nil per share (2018: 0.75 per share)	-	119.73

40. EARNINGS PER SHARE

a) The basic earnings per share has been calculated based on the following:

(₹ in crore)

	Year ended March 31, 2019	Year ended March 31, 2018
Net profit after tax available for equity shareholders	(821.33)	884.59
Weighted average number of equity shares	1,596,357,061	1,596,067,350

b) The reconciliation between the basic and the diluted earnings per share is as follows:

(₹ in crore)

	Year ended March 31, 2019	Year ended March 31, 2018
Basic earnings per share	(5.15)	5.54
Effect of outstanding stock options	-	-
Diluted earnings per share	(5.15)	5.54

c) Weighted average number of equity shares is computed for the purpose of calculating diluted earning per share, after giving the dilutive impact of the outstanding stock options for the respective years.

	Year ended March 31, 2019	Year ended March 31, 2018
Weighted average number of shares for computation of Basic EPS	1,596,357,061	1,596,067,350
Dilutive effect of outstanding stock options	-	376,035
Weighted average number of shares for computation of Diluted EPS	1,596,357,061	1,596,443,385

41. CONTINGENT LIABILITIES

(₹ in crore)

(i)	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Claims not acknowledged as debts in respect of:			
- Income-tax demands under appeal (net of provision)	4.98	4.63	4.26
- Other claims	1.50	1.50	1.30
Total	6.48	6.13	5.56

(ii) Provident Fund:

The Company is in the process of evaluating the impact of the recent Supreme Court Judgment in case of “Vivekananda Vidyamadir And Others Vs. The Regional Provident Fund Commissioner (II) West Bengal” and the related circular (Circular No. C-I/1(33)2019/Vivekananda Vidya Mandir/284) dated March 20, 2019 issued by the Employees’ Provident Fund Organisation in relation to non-exclusion of certain allowances from the definition of “basic wages” of the relevant employees for the purposes of determining contribution to provident fund under the Employees’ Provident Funds & Miscellaneous Provisions Act, 1952. In the assessment of the management which is supported by legal advice, the aforesaid matter is not likely to have a significant impact and accordingly, no provision has been made in these Financial Statements.

42. CAPITAL COMMITMENTS

(₹ in crore)

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Uncalled liability on shares and other investments partly paid	64.27	175.15	345.64
Estimated amount of contracts remaining to be executed on capital account (net of advances)	6.47	2.19	1.71
Other commitments*	69.37	93.59	90.00
Total	140.11	270.93	437.35

*Jetpur Somnath Toll ways Private Limited ("JSTPL") had executed the concession agreement with National Highway Authority of India ("NHAI") for construction, operation and maintenance of the 127 km section of NH 8D connecting Jetpur and Somnath in the state of Gujarat. Due to certain disputes, JSTPL along with its lenders had initiated arbitration proceeding against NHAI to make payment of 90% of the debt due under terms of the arrangement.

Based on the interim order of Division Bench of Delhi High Court, NHAI has paid 90% of the total debt dues amounting to ₹ 348.60 crore. In such regard, JSTPL has provided a bank guarantee amounting to ₹ 348.60 crore for amount received from NHAI under the interim proceedings.

The Group has disclosed it's share of bank guarantee amounting to ₹ 69.37 crore as commitments for the year ended March 31, 2019.

43. EVENTS OCCURRING AFTER THE REPORTING PERIOD

Refer note 39 for the final dividend recommended by the directors which is subject to the approval of shareholders in the ensuing annual general meeting.

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

45(a) Financial statements of subsidiaries prepared on non-going concern basis

Certain subsidiaries of the Group had discontinued their business operations and don't have any defined plan for future commercial operations .Hence , the use of going concern assumption is inappropriate for preparation of the financial statements.

Following subsidiaries are consolidated on non going concern basis-

IDFC Trustee Company Limited

IDFC Projects Limited

IDFC Alternatives Limited

45(b) Consolidated financial statements of IDFC Foundation for FY 2017-18 were delayed for adoption by shareholders on account of non-availability of financials of Delhi Integrated Multi- Modal Transit System Limited (a joint venture between IDFC Foundation and Government of Delhi). The same were adopted by the Board of Directors on February 13, 2019 and approved by the shareholders on March 11, 2019. Subsequently, IDFC Foundation has made application for condonation of delay in holding their Annual General Meeting with the Regional Director on May 10, 2019.

45(c) On August 4, 2018 IDFC Financial Holding Company Limited ("FHCL") paid interim dividend of ₹ 120.99 crore to its holding company IDFC Limited on receipt of dividend from its subsidiaries. As per Section 123(3) of the Companies Act, 2013 the Company should have declared and paid this dividend on or after October 1, 2018 instead of paying the same on August 4, 2018. FHCL is taking necessary remedial measures to rectify the same.

45(d) FHCL had not appointed Key Managerial Personnel and Chief Financial Officer for the year ended March 31,2018 and March 31,2019. The Board of Directors of FHCL have appointed Chief Financial Officer and Company Secretary and has recommended appointment of Chief Executive Officer which is subject to approval of Reserve Bank of India in its meeting held on May 24, 2019.

45(e) The merger of Capital First Limited and its wholly owned subsidiaries, Capital Home Finance Limited and Capital First Securities Limited ("Merging entities") with erstwhile IDFC Bank Limited ("IDFC-CFL Merger") has been approved by the Reserve Bank of India, the Competition Commission of India, the Securities and Exchange Board of India, Stock Exchanges, the respective Shareholders and Creditors of each entities and the National Company Law Tribunal ("NCLT"), with appointed date as October 1, 2018 and effective date as December 18, 2018. Accordingly, the scheme has been given effect to in the consolidated Ind-AS financial results of IDFC FIRST Bank Limited ("Bank") for the year ended March 31, 2019 and it includes results for the merging entities for the period October 1, 2018 to March 31, 2019.

The Board of Directors of the Bank at its meeting held on January 5, 2019 has approved the allotment of 1,377,109,057 equity shares of the face value of ₹ 10/- each, fully paid-up, to the equity shareholders of erstwhile Capital First Limited based on the record date of December 31, 2018 as per the share exchange ratio of 13.9:1 as approved in the scheme. Accordingly, issued and paid-up equity share capital of the Bank increased to ₹ 4,781.52 crore (4,781,521,604 equity shares of ₹ 10/- each)

The IDFC-CFL Merger has been accounted by the Bank under the applicable accounting standard to the Bank as per the specific provisions of the scheme approved by the NCLT and based on the clarification by Ind-AS Technical Facilitation Group ('ITFG'). Accordingly, the merger has been accounted under 'Purchase Method' – Accounting Standard 14 on 'Accounting for Amalgamations' and net assets of erstwhile Capital First Limited and its subsidiaries aggregating to ₹ 2,752.98 crore as at appointed date has been recorded by the Bank at fair value as determined by an independent valuer. In view of the share swap ratio of 13.9:1. The Bank issued 1,377,109,057 equity shares as purchase consideration at fair value. The difference between the purchase consideration and the fair value of net assets is represented by Goodwill on amalgamation of ₹ 2,390.53 crore and recorded accordingly.

Under Section 15 of the Banking Regulation Act, 1949, banks are restricted from declaring dividend in the event a bank carries intangible assets such as goodwill on its Balance Sheet. Therefore, as a prudent measure, intangible assets acquired or arising on amalgamation have been fully amortised through profit and loss account in the year ended March 31, 2019. This accelerated charge to the Ind-AS consolidated financial results of the Bank for the year ended March 31, 2019 of ₹ 2,599.35 crore is exceptional in nature and resulted in loss for the year for the Bank.

Consequential impact arising on this account has been appropriately considered in the consolidated financial results of the Group.

45(f) IDFC Infrastructure Finance Limited is an Infra Debt Fund - Non Banking Finance Company (IDF - NBFC) registered with the Reserve Bank of India on September 22, 2014. The income of the Company, being IDF-NBFC, is exempt under section 10(47) of the Income Tax Act, 1961, with effect from October, 2014.The Company has applied to CBDT to get it notified in the Official Gazette as required u/s 10(47) of the Act and are in the process of receiving approval for the same. Accordingly, no income tax is payable on the company's income from October, 2014 and therefore no provision for tax & deferred tax asset / liabilities have been recognised.

46. CAPITAL MANAGEMENT

The capital structure of the Group is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. The Group consider the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. The Group policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and continue as a going concern entity.

The Group manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

The management monitors the return on capital as well as the level of dividends to the shareholders. The Group's goal is to continue to be able to provide return to the shareholders by continuing to distribute dividends in future period.

47. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

(₹ in crore)

	As at March 31, 2019			As at March 31, 2018			As at April 1, 2017		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial assets									
Cash and cash equivalents	150.09	-	150.09	307.05	-	307.05	598.27	-	598.27
Bank balance other than cash and cash equivalents above	46.85	67.08	113.93	20.83	68.21	89.04	25.35	63.30	88.65
Derivative financial instruments	1.66		1.66	0.32		0.32	-	-	-
Receivables			-			-			-
(I) Trade receivables	13.64	-	13.64	22.24	-	22.24	44.04	-	44.04
(II) Other receivables	2.94	-	2.94	4.43	-	4.43	4.88	-	4.88
Loans	-	-	-	225.22	3,965.09	4,190.31	97.91	2,559.49	2,657.40
Investments	1,045.27	7,628.00	8,673.27	1,239.08	8,139.99	9,379.07	843.12	7,708.25	8,551.37
Other financial assets	57.72	5.33	63.05	43.18	15.02	58.20	54.39	14.42	68.81
Non-financial assets						-			-
Income tax assets (Net)	-	81.69	81.69	-	114.28	114.28	-	69.63	69.63
Deferred tax assets (Net)	-	-	-	-	15.31	15.31	-	6.74	6.74
Property, plant and equipment	1.28	61.45	62.73	4.08	74.37	78.45	-	78.64	78.64
Intangible assets	-	-	-	-	0.43	0.43	-		-
Investment Property	39.90	-	39.90	41.97	-	41.97	-	42.79	42.79
Goodwill	-	779.17	779.17	367.22	779.17	1,146.39	-	1,146.39	1,146.39
Other intangible assets	-	3.07	3.07	0.02	3.52	3.54	-	2.66	2.66
Other non-financial assets	63.09	3.24	66.33	88.54	1.04	89.58	55.47	0.26	55.73
Contract assets	59.28	-	59.28	-	61.72	61.72	-	-	-
Disposal group held for sale	447.12	-	447.12	-	-	-	-	-	-
Total assets	1,928.84	8,629.03	10,557.87	2,364.18	13,238.15	15,602.33	1,723.43	11,692.57	13,416.00
Financial liabilities									
Derivative financial instruments	0.08	-	0.08	-	-	-	1.45	-	1.45
Payables									
(I) Trade payables			-				-		-
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-	0.02	-	0.02
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	20.97	-	20.97	119.17	-	119.17	104.94	-	104.94
(II) Other payables			-			-			-
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	3.63	-	3.63	9.13	-	9.13	18.55	-	18.55
Debt securities	-	-	-	222.79	3,320.81	3,543.60	388.39	1,714.85	2,103.24
Deposits	-	-	-			-			-
Other financial liabilities	3.57		3.57	140.40	-	140.40	71.89	-	71.89
Non-financial Liabilities									
Income tax liabilities (Net)	18.35	-	18.35	26.05	-	26.05	25.09		25.09
Deferred tax liabilities (Net)	-	13.12	13.12	-	237.79	237.79	-	143.56	143.56
Provisions	14.44	-	14.44	21.78	9.65	31.43	6.28	31.43	37.71
Other non-financial liabilities	49.79	4.47	54.26	60.86	1.67	62.53	29.55		29.55
Disposal group held for sale	16.13	-	16.13			-			-
Total liabilities	126.96	17.59	144.55	600.18	3,569.92	4,170.10	646.16	1,889.84	2,536.00
Net	1,801.88	8,611.44	10,413.32	1,764.00	9,668.23	11,432.23	1,077.27	9,802.73	10,880.00

48. FAIR VALUE MEASUREMENT

a) Financial Instruments by Category

The following table provides categorization of all financial instruments at carrying value except non-current investments in joint venture and associates which are carried at cost.

As at March 31, 2019	At FVTPL	At FVOCI	Amortised Cost
Financial Assets			
Investments			
- Mutual fund units#	658.35	-	-
- Venture capital fund units	309.46	-	-
- Equity instruments*	29.38	0.05	-
- Debt securities	47.09	-	-
- Alternate Investment Funds	0.93	-	-
- Trustee units #	0.01	-	-
Derivative financial assets	1.66	-	-
Cash and Cash Equivalents	-	-	150.09
Bank balances other than cash and cash equivalents	-	-	113.93
Trade receivables	-	-	16.58
Contingent consideration [Refer Note 48 (g)]	36.52	-	-
Other financial assets	-	-	26.53
Total financial assets	1,083.40	0.05	307.13
Financial Liabilities			
Derivative financial liabilities	0.08	-	-
Trade payables	-	-	24.60
Other financial liabilities	-	-	3.57
Total financial liabilities	0.08	-	28.17

As at March 31, 2018	At FVTPL	At FVOCI	Amortised Cost
Financial Assets			
Investments			
- Mutual fund units#	924.40	-	-
- Venture capital fund units	278.03	-	-
- Equity instruments*	31.68	4.96	-
- Trustee units #	0.01	-	-
Loans			
- Term loans and debentures	-	-	4,190.17
- Loans and advances to employees	-	-	0.14
Derivative financial assets	0.32	-	-
Cash and Cash Equivalents	-	-	307.05
Bank balances other than cash and cash equivalents	-	-	89.04
Trade receivables	-	-	26.67
Other financial assets	-	-	58.20
Total financial assets	1,234.44	4.96	4,671.27
Financial Liabilities			
Borrowings			
- Debentures and bonds	-	-	3,320.81
- Commercial paper	-	-	222.79
Trade payables	-	-	128.31
Other financial liabilities	-	-	140.40
Total financial liabilities	-	-	3,812.31

As at April 1, 2017	At FVTPL	At FVOCI	Amortised Cost
Financial Assets			
Investments			
- Mutual fund units#	675.73	-	-
- Venture capital fund units	155.52	-	-
- Equity instruments*	5.39	6.40	-
- Trustee units #	0.08	-	-

As at April 1, 2017	At FVTPL	At FVOCI	Amortised Cost
Loans			
- Term loans and debentures	-	-	2,656.69
- Loans and advances to employees	-	-	0.70
Cash and Cash Equivalents	-	-	598.27
Bank balances other than cash and cash equivalents	-	-	88.65
Trade receivables	-	-	48.92
Other financial assets	-	-	68.81
Total financial assets	836.72	6.40	3,462.04
Financial Liabilities			
Borrowings			
- Debentures and bonds	-	-	1,914.55
- Commercial paper	-	-	388.38
Derivative financial liabilities	1.45	-	-
Trade payables	-	-	123.53
Other financial liabilities	-	-	71.89
Total financial liabilities	1.45	-	2,498.35

Includes ₹ 10.93 crore (March 31, 2018: ₹ 16.66 crore; April 1, 2017: 7.52 crore) pertaining to IDFC Foundation held for specified purposes.

* The equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value through OCI rather than profit or loss as these are strategic investments and the Group considered this to be more relevant.

b) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

As at March 31, 2019 (In ₹ crore)

Assets and liabilities measured at fair value - recurring fair value measurements	Note	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL					
- Mutual fund units	7	658.35	-	-	658.35
- Venture capital fund units	7	-	-	309.46	309.46
- Equity shares	7	29.38	-	-	29.38
- Debt securities	7	-	47.09	-	47.09
- Alternative Investment Fund	7		-	0.93	0.93
- Trustee Units	7	0.01	-	-	0.01
Contingent consideration	8	-	-	36.52	36.52
Financial Investments at FVOCI					
- Equity shares	7	-	0.05	-	0.05
Derivative not designated as hedge					
Equity / Index option contracts	15	1.66	-	-	1.66
Total financial assets		689.40	47.14	346.91	1,083.45
Financial liabilities					
Derivative not designated as hedge					
Equity / Index futures contracts	15	0.08	-	-	0.08
Total financial liabilities		0.08	-	-	0.08

As at March 31, 2018

Assets and liabilities measured at fair value - recurring fair value measurements	Note	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL					
- Mutual fund units	7	924.40	-	-	924.40
- Venture capital fund units		-	-	278.03	278.03
- Equity shares		25.88	-	5.80	31.68
- Trustee Units		0.01	-	-	0.01
Financial Investments at FVOCI					
- Equity shares	7	4.91	0.05	-	4.96
Derivative not designated as hedge					
Equity / Index option contracts	15	0.21	-	-	0.21
Equity / Index futures contracts		0.11	-	-	0.11
Total financial assets		955.52	0.05	283.83	1,239.40

As at April 1, 2017 (In ₹ crore)

Assets and liabilities measured at fair value - recurring fair value	Note	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL					
- Mutual fund units		675.73	-	-	675.73
- Venture capital fund units	7	-	-	155.52	155.52
- Trustee Units		0.08	-	-	0.08
- Equity shares		0.01	-	5.38	5.39
Financial Investments at FVOCI					
- Equity shares	7	6.35	0.05	-	6.40
Total financial assets		682.16	0.05	160.90	843.12
Financial liabilities					
Derivative not designated as hedge					
Interest Rate swaps	15	-	1.45	-	1.45
Total financial liabilities		-	1.45	-	1.45

i) There are no transfers between levels 1, 2 and 3 during the year.

ii) The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

The Group uses the following hierarchy for determining and disclosing the fair value of financial assets by valuation technique:

The fair value of financial instruments are classified into three categories i.e. Level 1, 2 or 3 depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active market for identical assets or liabilities (level 1 measurements) and lowest priority to unobservable inputs (level 3 measurements).

The hierarchies used are as follows:

Level 1: Hierarchy includes financial instruments measured using quoted prices. This includes investment in listed equity instruments, mutual fund units and derivative contracts. The fair value of all equity and derivative instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual fund units are valued at closing Net Asset Value (NAV), which represents the repurchase price at which the issuer will redeem the units from investors.

Level 2: The fair value of financial instruments that are not frequently traded in an active market (i.e. investments in units of traded bonds) is determined using valuation techniques which maximize the use of observable market data either directly or indirectly. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. The instruments are valued based on quoted prices for the similar instruments but for which significant unobservable adjustments are required to reflect the difference between the instruments. This is the case for unlisted equity securities , contingent consideration and venture capital fund units included in level 3.

There has been no transfers between level 1, level 2 and level 3 for the year ended March 31, 2019, 2018 and April 1, 2017.

c) Valuation technique used to determine fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique.

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices for listed equity instruments, future contracts and option contracts.
- the fair value of the mutual fund units is determined using observable NAV at the reporting date as declared by the issuer.
- the fair value of the venture capital units is determined using NAV at the reporting date as declared by the issuer.
- the fair values of interest rate swaps is the present value of the estimated future cash flows based on the observable yield curves.
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis, market comparable method and based on recent transactions.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

d) Valuation Process

The finance department of the Group includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. This team directly reports to the chief financial officer (CFO). Discussion on valuation processes and result are held between CFO and the team regularly in line with Group's quarterly reporting periods.

The main level 3 inputs for unlisted equity instruments and contingent consideration used by the Group are derived and evaluated as follows:

- Discount rates are determined specific to the counter parties (including assumptions about credit default rates) to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset.
- Risk adjustments specific to the counter parties (including assumptions about credit default rates) are derived from credit risk grading determined by the Company's internal credit risk management group.
- Earnings growth factor for unlisted equity securities are estimated based on market information for similar types of companies.

  In the view of management, there will be no material impact on the financial statements arising from the changes in unobservable inputs used for valuation.
- Contingent Consideration - Discounted cash flow techniques is used to value contingent consideration as on March 31, 2019. The cash flows are based on estimated probability of outcome of notification based on managements assessment supported by legal advice.

e) Fair value of financial assets and liabilities measured at amortised cost

For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts are a reasonable approximation of their fair value. Such instruments include, cash and bank balances, bank deposits, trade and other receivables, other financial assets, trade and other payables, short term commercial papers and other financial liabilities. Such amounts have been classified as Level 3 on the basis that no adjustments have been made to the balances in the balance sheet.

The Group considers the fair values of financial assets and financial liabilities measured at amortised cost approximates their carrying value, where fair values are calculated by discounting the future cash flows using rate adjusted for the counter parties credit risk.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

f) Fair value measurement using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the years ended March 31, 2019 and March 31, 2018: (In ₹ crore)

	Venture capital units	Unlisted equity securities	Contingent Consideration	Total
As at April 1, 2017	155.52	5.38	-	160.90
Acquisitions/ (Disposal) during the year	54.89	-	-	54.89
Gains/(losses) recognised profit and loss	67.62	0.42	-	68.04
As at March 31, 2018	278.03	5.80	-	283.83
Acquisitions/ (Disposal) during the year	62.04	(5.80)	36.52	92.76
Gains/(losses) recognised profit and loss	(30.61)	-	-	(30.61)
As at March 31, 2019	309.46	-	36.52	345.98

g) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements. See (b) above for the valuation techniques adopted.

	Fair value as at March 31, 2019	Fair value as at March 31, 2018	Significant unobservable inputs*	Probability-weighted range	Sensitivity
Contingent consideration	36.52	-	Probability for outcome	51%-71%	Basis tax experts' opinion which states that "...fair chance more likely than not that the retrospective tax exemption from CBDT will be received", a 60% probability of favourable outcome is assigned to the outcome. The discount rate used for present value is 8% (risk free rate plus small spread for counter party credit spread). Since the probability weighting of outcome is a significant accounting judgement, it has been disclosed in the financial statements that if the maximum probability level for "more likely than not" of 71% were used (in place of 60%), the receivable on Balance sheet and gain in P&L would be higher by ₹ 6.70 crore (keeping all other variables constant). In the same manner, if the minimum probability level for "more likely than not" of 51% were used, the receivable on Balance sheet and gain in P&L would be lower by ₹ 5.48 crore (keeping all other variables constant).
Venture capital fund units	309.46	278.03	Net asset value	10%	Whilst these investments are not traded on any market, they are exposed to price risk in respect of their underlying investments. 10% is the sensitivity rate used when reporting price risk internally to key management personnel and represents management's assessment of the possible net change in underlying prices. A 10% increase/(decrease) in the net asset value would increase/(decrease) the Group's gain/(loss) by ₹ 22.04 crore (March 31, 2018 : ₹ 19.71 crore).

* 100 basis points change in the unobservable input for unquoted equity instruments and alternative investment fund does not have a significant impact in its value.

49. FINANCIAL RISK MANAGEMENT

49.1 Introduction

Risk management is an integral part of the business practices of the Group. The framework of risk management concentrates on formalising a system to deal with the most relevant risks, building on existing management practices, knowledge and structures. The process of risk management is paramount to the Group and each employee is accountable for risks relating to his/her responsibilities. The key risk management tenets adopted by the Group includes maker-checker principle and three levels of defense (first level - employee, second level - risk team, third level - internal audit). The Group is exposed to credit risk, interest rate risk, liquidity risk, price risk and operations risk through its business operations.

49.2 Risk management structure

The Group has set up a robust risk governance framework based on the following key principles:

- The Board has ultimate responsibility for the Group's risk management framework. The board is principally responsible for approving the Group's risk related strategies and policies.
- To ensure that the Group has a sound system of risk management and internal controls in place, the board has established a risk committee. The risk committee assists the board in relation to the oversight and review of the Group's risk management principles and policies, strategies, appetite, processes and controls. The risk committee has direct access to the Group's management and has open communication with them.
- Policies, processes and systems are put in place for effective risk management.
- The Group's Resources team is primarily responsible for funding and liquidity risks and is guided by the asset liability management policy. The market risks of the Group are supervised by the asset liability committee.
- The Business team monitors project assets on regular basis and highlights pending compliances to senior management on quarterly basis. It also conducts annual site visits and monitors financial covenants.
- Annual review of financial and operational performance of projects and their re-rating is conducted by the risk team.
- Risk management processes are also audited quarterly by internal audit and findings and recommendations are provided to the audit committee.

49.3 Credit risk

Credit risk is the risk of suffering financial loss, should any of the Group's customers, clients or market counter parties fail to fulfil their contractual obligations to the Group. Credit risk arises mainly from loans and advances arising from lending activities.

Credit risk is the single largest risk for the Group's business, management therefore carefully manages its exposure to credit risk. The credit risk management and control are centralised in a risk committee which reports regularly to the Board. The Group adheres to high standards of credit risk management and mitigation. The lending proposals are subjected to a thorough assessment of promoters; group financial strength and leverage; operational & financial performance track record; cash flows; valuation of collateral.

The exposures are subjected to regular monitoring of (i.e. cash flows of the projects, security cover is regularly monitored). The Group manages and controls credit risk by setting limits on the amount of exposure at each sector/sub-sector level it is willing to accept the concentration of risk and by monitoring exposures in relation to each such limits.

49.3.1 Credit risk measurement - loans and advances

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a loans and advances (including loan commitments) entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations counter parties. The Group measures credit risk using probability of default (PD), exposure at default (EAD) and loss given default (LGD). This is similar to the approach used for the purpose of measuring expected credit loss (ECL) under Ind-AS 109.

The Group's concentration risk is managed at the sector/sub-sector level. These limits are approved by the risk committee and reviewed at regular intervals. The following table shows the risk concentration towards each sector/sub-sector.

Sector/sub-sector	Exposure limit as per risk policy	As at March 31, 2018	As at April 1, 2017
Energy Generation - Wind	40%	20.08%	20.79%
Energy Generation - Solar	25%	6.71%	2.04%
Energy Generation - Hydro	25%	5.00%	7.42%
Energy Generation - Captive	25%	4.25%	1.89%
Energy Transmission	40%	13.68%	7.69%
Transport - Roads	-	19.11%	25.52%
IT Parks & SEZs	40%	6.50%	9.64%
Hospitals	25%	11.71%	10.42%
Education Institutions	25%	1.89%	2.73%
Telecom Towers & Broadband network	25%	5.32%	7.89%
Other Infra Sub-Sector	25%	5.75%	3.97%
Total		100.00%	100.00%

a) Credit risk grading

The Group uses internal credit risk grading framework that reflects its assessment of the probability of default of individual counter party. The Group use internal rating model tailored to various categories of counter parties. Borrower and loan specific information collected at the time of initial application and annual re-rating exercise is fed into risk rating model. This is supplemented by external data such as credit bureau scoring information.

The framework is robust and comparable to credit models used by premier credit rating bureaus. The credit rating model considers various parameters (such as promoter strength, operating risk, market risk, financial factors, etc.) and a score is assigned to each parameter between 1 (lowest) to 5 (highest). The internal rating grade is based on the final score derived from the credit rating model.

The Group's internal score scales and mapping of internal rating grades are set out below:

Internal score	Internal rating grades	Description of the grade
5.00 - 4.00	iAAA	Highest Safety
3.91 - 4.00	iAA+	High Safety
3.81 - 3.90	iAA	
3.71 - 3.80	iAA-	
3.61 - 3.70	iA+	Adequate Safety
3.51 - 3.60	iA	
3.41 - 3.50	iA-	
3.11 - 3.40	iBBB+	Moderate Safety
2.81 - 3.10	iBBB	
2.61 - 2.80	iBBB-	
2.25 - 2.60	iBB+, iBB & iBB-	Moderate Risk
1.00 - 2.24	iB, iC & iD	High Risk/ Very High Risk/ Default

As per risk rating policy, the Group does not finance the projects below having internal rating grade below iBBB-, arrived as per the above mentioned risk rating framework. In case of difference between internal rating grade and external credit rating (if any), then lower of the two ratings would be considered while evaluating the minimum rating criteria.

However, at the time of sanction, if the external credit rating is below internal rating grade, but is expected to improve due to various factors (including refinance loan terms), Group may provide financial assistance to such borrowers on the condition that the disbursement would be made only after the minimum investment grade rating as aforesaid is obtained.

An annual review of the loans / debentures (credit substitutes) would be conducted to determine the credit migration and rating of the portfolio. The analysis below summarises the credit quality of the Group's debt portfolio at March 31, 2018 and April 1, 2017.

Internal rating grades	% of total customer		% of total outstanding	
	As at March 31, 2018	As at April 1, 2017	As at March 31, 2018	As at April 1, 2017
iAAA	2%	3%	1%	2%
iAA+, iAA, iAA-	12%	9%	15%	11%
iA+, iA, iA-	47%	50%	43%	47%
iBBB+	27%	28%	31%	32%
iBBB	8%	1%	10%	3%
iBBB-	4%	9%	0%	5%
Total	100%	100%	100%	100%

b) Expected credit loss measurement

Ind-AS 109 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Group.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. Refer note 49(b)(i) below for a description of how the Group determines when a significant increase in credit risk has occurred.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'. Refer note 49(b)(ii) below for a description of how the Group defines credit-impaired and default.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis. Refer note 49(b)(iii) below for a description of inputs, assumptions and estimation techniques used in measuring the ECL.
- A pervasive concept in measuring ECL in accordance with Ind-AS 109 is that it should consider forward-looking information.

The following diagram summarises the impairment requirements under Ind-AS 109:

Change in credit quality since initial recognition

Stage 1	**Stage 2**	**Stage 3**
(Initial recognition)	(Significant increase in credit risk since initial recognition)	(Credit-impaired assets)
12-month expected credit losses	**Lifetime expected credit losses**	**Lifetime expected credit losses**

i) Significant increase in credit risk (SICR)

The Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the quantitative, qualitative or backstop criteria have been met

Quantitative criteria:

The credit risk on a financial asset of the Group are assumed to have increased significantly since initial recognition when contractual payments are more than 30 days past due. Accordingly the financial assets shall be classified as Stage 2, if on the reporting date, it has been more than 30 days past due.

Qualitative criteria:

For all financial instruments held by the Group, if the borrower is on the watch list and/or the instrument meets one or more of the following criteria:

- Significant increase in credit spread
- Significant adverse changes in business, financial and/or economic conditions in which the borrower operates
- Actual or expected forbearance or restructuring
- Actual or expected significant adverse change in operating results of the borrower
- Significant change in collateral value (secured facilities only) which is expected to increase risk of default
- Early signs of cash flow/liquidity problems such as delay in servicing of trade creditors/loans

The assessment of SICR incorporates forward-looking information and is performed on a regular basis for all financial instruments held by the Group. In relation to financial instruments, where a watch list is used to monitor credit risk, this assessment is performed at the counterparty level and on a periodic basis. The criteria used to identify SICR are monitored and reviewed periodically for appropriateness by the risk committee.

Backstop:

A backstop is applied and the financial instrument considered to have experienced a significant increase in credit risk if the borrower is more than 30 days past due on its contractual payments.

The Group has not used the low credit risk exemption for any financial instruments in the period ended March 31, 2019.

ii) Default and credit-impaired asset

The Group defines a financial asset as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria:

The borrower is more than 90 days past due on its contractual payments to be considered in default.

Qualitative criteria:

The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

- the borrower is in long-term forbearance
- the borrower is insolvent
- the borrower is in breach of financial covenant(s)
- concessions have been made by the lender relating to the borrower's financial difficulty
- it is becoming probable that the borrower will enter bankruptcy

The criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the probability of default (PD), exposure at default (EAD) and loss given default (LGD) throughout the Group's expected loss calculations.

iii) Upgradation from higher stage to lower stage

For upgradation from higher stage to lower stage (i.e. to have cured):
Loan and advances is not moved from higher stage to lower stage immediately after payment of overdue amount, following cooling off period is applied:
From Stage 2 to Stage 1
- Continues in lower than 30 dpd for at least six months
From Stage 3 to Stage 2
- Continues in lower than 90 dpd for at least six months or
- Moves to Zero dpd
This period of six months has been determined based on an analysis which considers the likelihood of a financial instrument returning to default status after cure using different possible cure definitions.

iv) Measuring ECL – Explanation of inputs, assumptions and estimation techniques

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the probability of default (PD), exposure at default (EAD), and loss given default (LGD), defined as follows:

PD Estimation:

The PD represents the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default and credit-impaired" above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.

The lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.

The credit quality of the portfolio is assessed using internally developed credit rating model. The internal rating grade is determined for every initial application and annual re-rating is also performed for all existing counterparties. In the absence of default/SMA history and limited number of counterparties involved, credit rating data available in public domain has been used to assign PDs to Internal rating grades.

- For Stage 1, 12 month PD are calculated. CRISIL 1 year cumulative default rate data and GDP forecast estimates have been used to arrive at 12 month PD for base case, best case and worst case economic scenarios.
- For Stage 2, Lifetime PD are calculated by considering the survival rate of the counterparty for the remaining maturity. The PD is based on CRISIL average transition matrices based on corporates.
- For Stage 3, Lifetime PD is taken as 100%.

Internal rating grades – 12 month PD Mapping:

Internal rating grades		PD% Base Case	PD% Best Case	PD% Worst Case
Highest Safety	iAAA	0.03%	0.03%	0.11%
High Safety	iAA+	0.03%	0.03%	0.11%
	iAA	0.03%	0.03%	0.11%
	iAA-	0.03%	0.03%	0.11%
Adequate Safety	iA+	0.04%	0.03%	0.62%
	iA	0.04%	0.03%	0.62%
	iA-	0.04%	0.03%	0.62%
Moderate Safety	iBBB+	0.47%	0.04%	3.16%
	iBBB	0.47%	0.04%	3.16%
	iBBB-	0.47%	0.04%	3.16%
Moderate Risk	iBB+	2.76%	0.58%	9.49%
	iBB	2.76%	0.58%	9.49%
	iBB-	2.76%	0.58%	9.49%
High Risk	iB	7.29%	2.20%	18.53%
Very High Risk	iC	19.13%	7.68%	37.48%
Default	iD	100.00%	100.00%	100.00%

Exposure at default:

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

For amortising products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over a 12 month or lifetime basis. This will also be adjusted for any expected overpayments made by a borrower. Early repayment/refinance assumptions are also incorporated into the calculation.

For the loan commitments, the exposure at default (EAD) is predicted by aggregating total unfunded credit exposure and applying a "credit conversion factor (CCF)" which considers any further amount that is expected to be lent under arrangement at the time of default. CCF denotes the probability of off-balance sheet exposure (i.e. loan commitment) becoming credit exposure shifting onto the balance sheet if the loan commitment is called.

Loss given default:

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

The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type and security coverage.

- In case of re-financing of operating road project, the Group enters into a tripartite agreement with the concessionaire and NHAI/any other project authority for ensuring a compulsory buyout with termination payments. The LGD for road project loans is taken as nil since the entire credit exposure arising out of loan agreement is secured by way of tripartite agreement with Government authorities.
- In case of re-financing of other operating infrastructure project loans, the primary credit support is cash flow control and additional comfort is taken as project assets as collateral. In absence of actual instances of default and consequential recoveries, the LGD rates under "Foundation IRB approach" as prescribed by RBI, after considering the threshold level of collateralisation and required level of over collateralisation for full recognition of collateral, have been taken as a proxy measure.

ECL computation:

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month).

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

v) Forward-looking information incorporated in the ECL model

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for portfolio.

Judgment has also been applied in this process. Forecasts of these economic variables (the "base economic scenario") are provided on a regular basis and provide the best estimate view of the economy over the next five years.

The assessment of SICR is performed using the Lifetime PD under each of the base, and the other scenarios, multiplied by the associated scenario weighting, along with qualitative and backstop indicators. This determines whether the whole financial instrument is in Stage 1, Stage 2, or Stage 3 and hence whether 12-month or lifetime ECL should be recorded. Following this assessment, the Group measures ECL as either a probability weighted 12 month ECL (Stage 1), or a probability weighted lifetime ECL (Stages 2 and 3). These probability-weighted ECLs are determined by running each scenario through the relevant ECL model and multiplying it by the appropriate scenario weighting (as opposed to weighting the inputs).

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Group considers these forecasts to represent its best estimate of the possible outcomes and has analysed the non-linearities and asymmetries within the Group's different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

The Group has identified the "GDP growth rate" as a key driver for the expected credit loss.

The following table sets out the assumptions used for base case, best case and worst case ECL scenarios, taking GDP growth rate as key driver for expected loss:

Year ended March 31, 2018

ECL Scenario	Assigned probabilities %	2019	2020	2021	2022	2023
Base case	50%	7.40%	7.70%	7.70%	7.70%	7.70%
Best case	20%	9.90%	10.20%	10.20%	10.20%	10.20%
Worst case	30%	4.92%	5.22%	5.22%	5.22%	5.22%

The GDP estimates are used to project the grade wise PD for base case, best case and worst case scenario. The final (weighted) ECL is arrived at by assigning 50%, 20% and 30% weights to the base case, best case and worst case ECL respectively.

	Year ended March 31, 2018		
	Base case	Best case	Worst case
Assigned probabilities %	50%	20%	30%
ECL (₹ in crore)	2.97	0.20	13.71

Scenario weighted ECL as on March 31, 2018 ₹ 16.88 crore and April 1, 2017 ₹ 10.73 crore.

vi) Financial assets measured on a collective basis

ECL is calculated on individual basis for all loan assets.

vii) Proposal appraisal

The Group collects relevant project/ corporate documents and initiate appraisal of the proposal. The evaluation process encompasses establishment of viability of proposal including borrower's ability to service the loan. The evaluation is undertaken through a combination of review of project/corporate documents, external rating rationales (if any), meetings with project promoters/key officials, site visits, etc.

Proposals shall be approved by the Board/ Committee of the Board post recommendation by the decision board.

Term loans /debentures can have fixed rate or floating rate of interest linked to the Group's benchmark rate or another agreed benchmark. There may be reset of spreads after defined intervals.

Below is the mix of assets with spread reset dates falling within 1 year and more than 1 year:

	As at March 31, 2018	As at April 1, 2017
Less than 1 year	25.13%	38.69%
More than 1 year	74.87%	61.31%

c) Credit risk exposure

i) Maximum exposure to credit risk - Loans and debenture measured at amortised subject to impairment

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets below also represents the Group's maximum exposure to credit risk on these assets.

Loans and debentures	As at March 31, 2018			
	Stage 1	Stage 2	Stage 3	Total
Performing				
Highest Safety	38.48	-	-	38.48
High Safety	630.96	-	-	630.96
Adequate Safety	1,830.16	-	-	1,830.16
Moderate Safety	1,708.24	-	-	1,708.24
Non- performing				
Moderate Risk	-	-	-	-
High Risk/ Very High Risk/ Default	-	-	-	-
Total	4,207.84	-	-	4,207.84

Term loans and debentures	As at April 1, 2017			
	Stage 1	Stage 2	Stage 3	Total
Performing				
Highest Safety	58.48	-	-	58.48
High Safety	295.43	-	-	295.43
Adequate Safety	1,262.35	-	-	1,262.35
Moderate Safety	1,051.16	-	-	1,051.16
Non- performing				
Moderate Risk	-	-	-	-
High Risk/ Very High Risk/ Default	-	-	-	-
Total	2,667.42	-	-	2,667.42

ii) Maximum exposure to credit risk - Financial instruments not subject to impairment

The Group is exposed to credit risk from investments held in debt-oriented mutual fund units. These investments are measured at fair value through profit and loss. The following table contains an analysis of the maximum credit risk exposure from investment in mutual funds not subject to impairment (i.e. measured at FVTPL):

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Investment in debt oriented mutual funds	650.97	917.19	669.55

iii) Collateral and other credit enhancement

The amount and type of collateral required depends on an assessment of the credit risk of the counter party. Guidelines are in place covering the acceptability and valuation of each type of collateral.

The Group employs a range of policies and practices to mitigate credit risk. The most common of these is accepting collateral for funds advanced. The Group has internal policies on the acceptability of specific classes of collateral or credit risk mitigation.

The Group prepares a valuation of the collateral obtained as part of the loan origination process. This assessment is reviewed periodically. The principal collateral types are:

- charges over tangible assets such as property, plant and equipment; and
- charges over book debts, inventories, bank deposits, and other working capital items; and
- charges over financial instruments such as debt securities and equities.

The fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on a regular basis.

	Gross exposure to credit risk	Impairment allowance	Carrying amount	Fair value of collateral held
As at March 31, 2018				
Loans to corporate entities/individuals:				
- Term loans	2,890.87	17.12	2,873.75	2,889.51
- Debentures and bonds	1,316.97	0.55	1,316.42	1,318.33
Total	4,207.84	17.67	4,190.17	4,207.84
As at April 1, 2017				
Loans to corporate entities/individuals:				
- Term loans	2,017.79	10.48	2,007.31	1,990.68
- Debentures and bonds	649.63	0.25	649.38	648.71
Total	2,667.42	10.73	2,656.69	2,639.39

iv) Loss allowance

The loss allowance recognised in the period is impacted by a variety of factors, as described below:

- transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and Lifetime ECL;
- additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period;
- impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;
- impacts on the measurement of ECL due to changes made to models and assumptions;
- financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period.

An analysis of change in the gross carrying amount of the loan portfolio and corresponding loss allowance:

i) The following table further explains changes in the gross carrying amount of the loan portfolio to help explain their significance to the changes in the loss allowance for the same portfolio as discussed below:

Term loans and debentures	Year ended March 31, 2018			
	Stage 1	Stage 2	Stage 3	Total
Opening balance as at April 1, 2017	2,667.42	-	-	2,667.42
New assets originated or purchased	1,821.67	-	-	1,821.67
Assets derecognised or repaid	(281.25)	-	-	(281.25)
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Amounts written off	-	-	-	-
Closing balance as at March 31, 2018	4,207.84	-	-	4,207.84

Term loans and debentures	Year ended March 31, 2018			
	Stage 1	Stage 2	Stage 3	Total
Opening balance as at April 1, 2017	10.73	-	-	10.73
New assets originated or purchased	4.48	-	-	4.48
Assets derecognised or repaid	(0.93)	-	-	(0.93)
Net remeasurement of loss allowance	3.39	-	-	3.39
Transfers to Stage 1	-	-	-	-
Transfers to Stage 2	-	-	-	-
Transfers to Stage 3	-	-	-	-
Amounts written off	-	-	-	-
Closing balance as at March 31, 2018	17.67	-	-	17.67

The origination of new loan assets is the primary factor that contributed to the change in the loss allowance during the period.

ii) The following table explains the changes in the loss allowance between the beginning and at the end of the annual period in loan commitments due to various factors:

	Stage 1	Stage 2	Stage 3	Total
Impairment allowance as at April 1, 2017	-	-	37.70	37.70
- arising during the year	-	-	-	-
- utilised	-	-	(6.27)	(6.27)
Impairment allowance as at March 31, 2018	-	-	31.43	31.43

	Stage 1	Stage 2	Stage 3	Total
- arising during the year	-	-	-	-
- utilised	-	-	(21.78)	(21.78)
Impairment allowance as at March 31, 2019	-	-	9.65	9.65

Refer note 42 for details of financial guarantee provided to lenders of Jetpur Somnath Tollways Private Limited.

Trade and other receivables

Concentrations of credit risk with respect to trade and other receivables are limited, due to the customer base being limited. All trade receivables are reviewed and assessed for default on a individual basis. Historical experience of collecting receivables of the Group is supported by low level of past default and hence the credit risk is perceived to be low.

The following table explains the changes in the loss allowance on trade and other receivables between the beginning and at the end of the annual period due to various factors:

Particulars	In ₹ crore
Loss allowance as at April 1, 2017	7.89
Add/(less): changes during the year	0.36
Loss allowance as at March 31, 2018	8.25
Add/(less): changes during the year	(2.24)
Loss allowance as at March 31, 2019	6.01

49.3.2 Other financial assets

The Group has credit risk exposure in cash and cash equivalents, deposits with banks, and other financial assets. Cash and cash equivalents and bank deposits are held with only high rated banks/financial institutions only, therefore credit risk is perceived to be low. The Group has no significant concentration of credit risk.

49.4 Liquidity risk

Liquidity risk is defined as the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Group might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. To limit this risk, management has adopted a policy of managing assets with liquidity in mind and monitoring future cash flows. The Group has developed internal control processes for managing liquidity risk.

Prudent liquidity risk management implies maintaining sufficient cash and liquid investments. The Group maintains investments in highly marketable securities that are assumed to be easily liquidated in the event of an unforeseen interruption in cash flow.

The table below summarises the maturity profile of the undiscounted cash flows of the Group's financial liabilities balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

As at March 31, 2019	Within 12 months	More than 12 months	Total
Financial liabilities			
Trade payables	24.60	-	24.60
Derivative liabilities (net settled)	0.08	-	0.08
Debt securities	-	-	-
Other financial liabilities	3.57	-	3.57
Total undiscounted financial liabilities	28.25	-	28.25

As at March 31, 2018	Within 12 months	More than 12 months	Total
Financial liabilities			
Trade payables	128.30	-	128.30
Derivative liabilities (net settled)	-	-	-
Debt securities	222.79	3,320.81	3,543.60
Other financial liabilities	140.40	-	140.40
Total undiscounted financial liabilities	491.49	3,320.81	3,812.30

As at April 1, 2017	Within 12 months	More than 12 months	Total
Financial liabilities			
Trade payables	123.53	-	123.53
Derivative liabilities (net settled)	1.45	-	1.45
Debt securities	199.70	2,103.24	2,302.94
Other financial liabilities	71.89	-	71.89
Total undiscounted financial liabilities	396.57	2,103.24	2,499.81

50.1 Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and prices.

50.1.1 Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Group's exposure to interest rate risk arises from investments in debt-oriented mutual funds and loans and debentures measured at amortised cost with variable interest rates.

Loans and debentures measured at amortised cost with fixed interest rates are not subject to interest rate risk as defined in Ind-AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The Group seeks to minimise the effects of these risks by using interest rate swaps to reduce its variable interest rate exposures. The use of interest rate swaps is governed by the Group's - risk management policy approved by the Board of Directors, which provide written principles on managing interest rate risk.

50.1.1.1 Interest rate risk exposure - Loans and debentures

i) Exposure

The exposure of the Group's towards interest rate changes arising from loans and debentures at the end of the reporting period are as follows:

	As at March 31, 2018	As at April 1, 2017
Variable rate debt securities	1,353.54	1,145.67
Fixed rate debt securities	2,854.31	1,529.10
Total	4,207.85	2,674.77

The Group had the following variable rate borrowings and interest rate swap contracts outstanding:

As at March 31, 2018	Weighted average interest rate	Balance	% of total loans
Loans	9.50%	1,353.54	32.24%
Net exposure interest rate risk	9.50%	1,353.54	32.24%

As at April 1, 2017	Weighted average interest rate	Balance	% of total loans
Loans	10.05%	1,145.67	39.71%
Interest rate swaps	7.28%	(85.00)	-
Net exposure interest rate risk	10.05%	1,060.67	39.71%

An analysis by maturities is provided in note 17. The percentage of total loans shows the proportion of loans that are currently at variable rates in relation to the total amount of debt securities.

ii) Sensitivity

Profit or loss is sensitive to higher/lower interest expense from debt securities as a result of changes in interest rates.

	Impact on profit after tax*
	Year ended March 31, 2018
Interest rates – increase by 100 basis points	13.5
Interest rates – decrease by 100 basis points	(13.5)

* The sensitivity is derived holding all other variables constant

50.1.1.2 Investment in debt oriented mutual funds

i) Exposure

The exposure of the Group towards interest rate changes arising from investment in following securities at the end of the reporting period are as follows:

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Investment in debt oriented mutual funds	650.97	917.19	669.55
Investment in debt securities	47.09	-	-
Total	698.06	917.19	669.55

ii) Sensitivity*

The Groups' investments in debt-oriented mutual funds are in highly rated schemes and financial institutions. The Group's objective is to invest in debt-oriented mutual fund scheme which which further make investments in high quality debt and money market instruments.

The table summarises the impact of the increase/(decrease) of the benchmark on the Group's profit for the period. The analysis is based on the assumption that the relevant benchmark has increased by 100 bps or decreased by 100 bps with all other variables held constant, and that all the Group's investments moved in line with the benchmark.

	Impact on profit after tax	
	Year ended March 31, 2019	Year ended March 31, 2018
Benchmark: Increase 100 bps (previous year 100 bps)	9.73	6.91
Benchmark: Decrease 100 bps (previous year 100 bps)	(9.73)	(6.91)

* Group has made investments in various debt securities which are tracked to different benchmarks. The sensitivity analysis for these investments is performed with reference to their respective benchmarks.

The mutual fund has direct exposure to interest rate changes on the cash flows of its interest bearing assets. Due to these investments, the Group has indirect exposure to interest rate changes on Net Asset Value of mutual fund units.

50.1.2 Price risk

Price risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices caused by factor affecting all similar instruments traded in the market.

The price risk arises due to uncertainties about the future Net Asset Values (NAV)/market price of investments. To manage its price risk arising from investments, the Group diversifies its investment portfolio. Diversification is done in accordance with the guidelines set by the Group's-Risk Management Policies as approved by the Board of Directors.

The Group's exposure to the price risk arises from investment in equity instrument classified as FVTPL or FVOCI, investments in units of equity-oriented mutual funds, venture capital funds, debt securities and derivative contracts (i.e. equity options and futures) measured at FVTPL as at March 31. The following table explains Group's exposure to price risk is as follows:

50.1.2.1 Exposure (₹ in crore)

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Investment in equity instruments (at FVTPL)	29.38	31.68	5.39
Investment in equity instruments (at FVOCI)	0.05	4.96	6.40
Investment in equity-oriented mutual fund	7.37	7.21	6.18
Investment in venture capital fund units	309.46	278.03	155.52
Investment in Alternate Investment Fund	0.93	-	-
Equity / Index option contracts	1.66	0.21	-
Equity / Index futures contracts	(0.08)	0.11	-
Total	348.77	322.20	173.49

50.1.2.2 Sensitivity

The table below summarises the impact of increases/decreases of the benchmark on the Group's equity and profit for the period:

	Impact on profit after tax(4)		Impact on OCI(4)	
	Year ended March 31, 2019	Year ended March 31, 2018	Year ended March 31, 2019	Year ended March 31, 2018
Investment in equity-oriented mutual fund units(1)				
- Increase 1% (previous year 1%)	0.07	0.07	-	-
- Decrease 1% (previous year 1%)	(0.07)	(0.07)	-	-
Investment in equity instruments including derivatives contracts (at FVTPL)(2)				
- Increase by 15% (previous year 14%)	1.52	1.19	-	-
- Decrease by 15% (previous year 14%)	(1.52)	(1.19)	-	-
Investment in equity instruments (at FVOCI)(3)				
- Increase 16 % (previous year 22 %)	-	-	-	0.35
- Decrease 16 % (previous year 22 %)	-	-	-	(0.35)
Investment in venture capital fund units				
- Increase 10% (previous year 10%)	22.04	19.71	-	-
- Increase 10% (previous year 10%)	(22.04)	(19.71)	-	-

(1) The Group has investments in equity oriented mutual funds which are tracked with different benchmarks. The sensitivity analysis for these investments is performed with reference to respective benchmarks.
(2) Investment in equity instruments (including derivatives) at FVTPL are tracked to BSE 200 Index or Nifty 50 Index. The analysis is based on the assumption that the BSE 200 Index or Nifty 50 has increased by 15% or decreased by 15% with all other variables held as constant, and that all the Group's investments moved in line with the index.
(3) Investment in equity instruments (at FVOCI) are tracked to NSE Small cap 100 Index. The analysis is based on the assumption that the NSE Small Cap 100 index has increased by 16% or decreased by 16% with all other variables held constant, and that all the Group's investments moved in line with the index.
(4) Profit for the period would increase/ (decrease) as a result of gains/(losses) on investments classified as at fair value through profit or loss. Other components of equity would increase/(decrease) as a result of gains/(losses) on investments classified as at fair value though other comprehensive income.

50.1.3 Foreign currency risk:

The Group does not have any foreign currency exposures in respect of financial assets and financial liabilities as at the balance sheet date. This mitigates the foreign currency risk exposure for the Group.

51. EMPLOYEE SHARE BASED PAYMENTS

a) IDFC Limited - Employee stock option scheme (equity settled):

The Group has introduced IDFC Employee Stock Option Scheme to enable the employees of the all the Group companies participate in the future growth and financial success of the IDFC Group. The scheme is in compliance with the SEBI (Share Based Employee Benefits) Regulations, 2014. The ESOS provides for grant of stock options to employees [including employees of subsidiary companies and IDFC FIRST Bank Limited (an associate of the Company)] to acquire equity shares of the Company, that will vest in a graded manner and that are to be exercised within a specified period.

The fair value of options granted to the employees of the Group under the ESOS is recognised as an employee benefits expense with a corresponding increase in share option outstanding account under other equity. However, the fair value of options granted to the employees of associate of the Group is recognised as an increase in the investment in associate and a credit to share option outstanding account under other equity as per the Group share based payment guidance under Ind-AS 102.

Options are granted under the plan carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary equity share of the Company. The options granted will vest upon the completion of service condition as specified in scheme in graded manner. Vested options are exercisable for the period of five years after the vesting.

Set out below is a summary of options granted under the plan:

	Year ended March 31, 2019		Year ended March 31, 2018	
	Average exercise price	Number of options	Average exercise price	Number of options
Opening balance	73.80	26,917,685	72.52	36,477,254
Granted during the year	55.75	8,400,000	63.25	244,200
Exercised during the year	43.40	(3,750)	43.42	(412,996)
Forfeited during the year	70.89	(7,001,350)	69.51	(8,357,198)
Lapsed/expired during the year	82.60	(1,096,500)	73.09	(1,033,575)
Closing balance	68.52	27,216,085	73.80	26,917,685
Vested and exercisable	74.69	18,500,593	75.85	22,525,471

The weighted average share price at the date of exercise of options exercised during the year ended March 31, 2019 was ₹ 43.40 (March 31, 2018 ₹ 43.42).

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Grant date	Expiry date	Exercise price	Outstanding as at March 31, 2019	Outstanding as at March 31, 2018	Outstanding as at March 31, 2017
27-Aug-09	27-Aug-17	79.48	-	-	20,000
17-Dec-09	17-Dec-17	92.65	-	-	20,000
26-Feb-10	30-Nov-17	96.68	-	-	10,000
10-May-10	18-Apr-17 to 10-May-17	70.22	-	-	831,248
14-Oct-10	14-Oct-17 to 14-Oct-18	128.79	-	10,000	17,500
14-Feb-11	14-Feb-18 to 14-Feb-19	81.96	-	160,000	280,000
01-Mar-11	1-Mar-18 to 1-Mar-19	87.96	-	4,000	7,000
06-Jun-11	26-Apr-17 to 1-Apr-19	81.96	7,350,000	11,350,000	14,450,000
29-Nov-11	29-Nov-17 to 31-Oct-18	68.76	-	70,000	100,000

Grant date	Expiry date	Exercise price	Outstanding as at March 31, 2019	Outstanding as at March 31, 2018	Outstanding as at March 31, 2017
22-Feb-12	22-Feb-18 to 22-Feb-20	91.32	30,000	52,500	75,000
08-Jun-12	08-Jun-19	129.70	200,000	200,000	200,000
08-Mar-13	31-May-18	93.23	-	133,000	133,000
20-May-13	20-May-19 to 31-Jan-19	99.26	66,667	116,667	116,667
01-Aug-13	01-Aug-19 to 01-Aug-21	66.33	200,000	200,000	200,000
02-Sep-13	02-Sep-19 to 02-Sep-21	48.77	46,000	46,000	46,000
01-Oct-13	01-Oct-19 to 01-Oct-21	53.34	400,000	400,000	400,000
03-Mar-14	03-Mar-20 to 03-Mar-22	56.97	1,250,000	1,250,000	1,250,000
01-Jul-14	01-Jul-20 to 01-Jul-22	81.84	1,000,000	1,000,000	1,000,000
15-Jul-14	15-Jul-20 to 15-Jul-22	89.29	600,000	600,000	600,000
07-Aug-14	07-Aug-19 to 07-Aug-21	90.56	1,000,000	1,000,000	1,000,000
03-Aug-15	15-Jul-19 to 03-Aug-23	90.81	1,500,000	1,500,000	2,500,000
05-Oct-15	18-Apr-17 to 05-Oct-23	60.35	3,889,364	7,516,464	8,423,714
03-Nov-15	03-Nov-21 to 03-Nov-23	58.40	325,000	325,000	325,000
05-Feb-16	05-Feb-22 to 05-Feb-24	41.15	304,200	304,200	304,200
29-Apr-16	14-Jul-17 to 29-Apr-23	43.40	175,000	187,500	654,000
26-Jul-16	14-Jul-17 to 26-Jul-23	53.90	158,754	158,754	3,371,325
14-Sep-16	14-Sep-22 to 14-Sep-24	59.20	100,000	100,000	100,000
14-Mar-17	14-Mar-23 to 14-Mar-25	51.85	42,600	42,600	42,600
09-May-17	31-May-18 to 09-May-24	63.25	178,500	191,000	-
27-Apr-18	27-Apr-23	55.40	8,400,000	-	-
Total			27,216,085	26,917,685	36,477,254
Weighted average remaining contractual life of options outstanding at end of period			2.47	2.08	2.49

Fair value of options granted:

The fair value at grant date is determined using the Black-Scholes Model which takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The model inputs for options granted during the year ended March 31, 2019 included:

Assumptions	Year ended March 31, 2019	Year ended March 31, 2018
Expected - Weighted average volatility *	39%	39%
Expected dividends	0.45%	0.40%
Expected term (In years)	3	3.05
Risk free rate	7.44%	6.68%
Market price	55.4	63.25
Grant date	27-Apr-18	09-May-17
Expiry date	27-Apr-22	09-May-23
Fair value of the option at grant date	18.87	21.24

* The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

b) IDFC AMC - Employee stock option scheme (cash settled):

IDFC Asset Management Company Limited (“IDFC AMC”), a subsidiary of IDFC group, introduced Employee Stock Option Scheme, 2017 (“ESOS - 2017) to enable the employees of IDFC AMC to participate in the future growth and financial success of the IDFC AMC. The scheme restricts the transferability of shares exercised by the employees. IDFC Financial Holding Limited (an immediate parent of IDFC AMC) will have right to buyback the shares from the employees as per the terms of the scheme. After applying the guidance under Ind-AS 102 - Group share based payments, the said employee stock option scheme is classified as “Cash settled share based payments” in the consolidated financial statements of the Group.

The fair value of the options was determined using the Black-Scholes model using the following inputs as at the grant date:-

Grants made during the year ended March 31, 2019:

	11-Apr-18	
	As at March 31, 2019	As at March 31, 2018
Stock Price (₹)	6,345.54	-
Volatility	47.75%	-
Risk-free Rate	7.01%	-
Exercise Price (₹)	9,646.93	-
Time To Maturity (In Years)	4.53	-
Dividend yield	1.89%	-
Option Fair Value	1,936.22	-

Grants made during the year ended March 31, 2018:

	1-Feb-18		6-Nov-17		9-Sep-17	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Stock Price (₹)	6,345.54	6,345.54	6,345.54	6,345.54	6,345.54	6,345.54
Volatility	47.75%	35.15%	47.75%	35.15%	47.75%	35.15%
Risk-free Rate	6.95%	7.07%	6.88%	7.01%	6.88%	7.01%
Exercise Price (₹)	9,646.93	9,646.93	9,646.93	9,646.93	9,646.53	9,646.93
Time To Maturity (In Years)	4.34	5.34	4.10	5.10	3.94	4.94
Dividend yield	3.59%	3.59%	3.59%	3.59%	3.59%	3.59%
Option Fair Value	1,624.44	1,253.90	1,562.21	1,208.21	1,521.90	1,179.69

Set out below is a summary of options granted under the plan:

	Year ended March 31, 2019		Year ended March 31, 2018	
	Average exercise price	Number of options	Average exercise price	Number of options
Opening balance	9,646.93	44,389	-	-
Granted during the year	9,646.93	1,000	9,646.93	44,389
Exercised during the year	-	-	-	-
Forfeited during the year	9,646.93	(1,814)	-	-
Lapsed/expired during the year	-	-	-	-
Closing balance	9,646.93	43,575	9,646.93	44,389

The weighted average share price at the date of exercise of options exercised during the year ended March 31, 2019 was ₹ 2,042.59 (March 31, 2018: ₹ 1,997.82).

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Grant date	Expiry date	Exercise price	Outstanding as at March 31, 2019	Outstanding as at March 31, 2018	Outstanding as at April 1, 2017
09-Sep-17	09-Sep-25	9,646.93	41,093	42,907	-
06-Nov-17	06-Nov-25	9,646.93	942	942	-
01-Feb-18	01-Feb-26	9,646.93	540	540	-
11-Apr-18	11-Apr-26	9,646.93	1,000	-	-
Total		38,587.72	43,575	44,389	

c) **IDFC Infrastructure Finance Limited - Employee stock option scheme (equity settled):**

Pursuant to the resolution passed by the members at the EGM held on February 01, 2016, IDFC Infrastructure Finance Limited ("Company"), a subsidiary of IDFC Group, had introduced Employee Stock Option Scheme ("the ESOS- 2016") to enable the employees of IDFC Infrastructure Finance Limited to participate in the future growth and financial success of the Company. The Scheme is in compliance with the SEBI (Share Based Employee Benefits) Regulations, 2014. The ESOS provides for grant of stock options to employees to acquire equity shares of the Company that vest in a graded manner and that are to be exercised within a specified period.

Further, certain grants under ESOS - 2016 will vest only upon the fulfillment of performance conditions as specified in the scheme of the grant. The performance conditions specified are not based upon market conditions and therefore at every reporting date entity revises its estimate of the number of options expected to vest in order to determine the share based payment charge for the year.

Options are granted under the plan carry no dividend or voting rights. When exercisable, each option is convertible into one equity share.

The options granted for will vest upon the completion of service condition and performance condition as specified in scheme in graded manner. Vested options are exercisable for the period of five years after the vesting.

Set out below is a summary of options granted under the plan:

	Year ended March 31, 2019		Year ended March 31, 2018	
	Average exercise price	Number of options	Average exercise price	Number of options
Opening balance	10.00	4,043,000	10.00	6,443,000
Granted during the year	-	-	-	-
Exercised during the year	-	-	-	-
Cancelled during the year	10.00	(4,043,000)	-	-
Lapsed/expired during the year	-	-	10.00	(2,400,000)
Closing balance	-	-	10	4,043,000
Vested and exercisable			10	1,010,750

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Grant date	Expiry date	Exercise price	Outstanding as at March 31, 2019	Outstanding as at March 31, 2018	Outstanding as at April 1, 2017
14-Mar-16	14-Mar-21 to 14-Mar-24	10	-	3,901,000	3,901,000
09-May-16	09-May-21 to 09-May-24	10	-	8,500	8,500
31-May-16	31-May-21 to 31-May-25	10	-	-	2,400,000
15-Jun-16	15-Jun-21 to 15-Jun-24	10	-	125,000	125,000
14-Jul-16	14-Jul-21 to 14-Jul-24	10	-	8,500	8,500
Total			-	4,043,000	6,443,000
Weighted average remaining contractual life of options outstanding at end of year			-	4.47	3.54

Fair value of options granted:

The fair value at grant date is determined using the Black-Scholes Model which takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The options granted for no consideration and will vest upon the completion of service condition and performance condition as specified in scheme in graded manner. Vested options are exercisable for the period of five years after the vesting.

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information. There are no options granted during the year ended March 31, 2019 and March 31, 2018.

d) IDFC FIRST Bank Limited - Employee stock option scheme (equity settled)

IDFC FIRST Bank Limited (earlier known as IDFC Bank Limited), an associate of the Group, got demerged from the IDFC Limited under the sanctioned scheme of arrangement in October 2015. Pursuant to Scheme of Demerger, IDFC FIRST Bank Limited has allotted certain employee stock option over its shares to the employees of the IDFC Group. The employee share based payments arrangement between the Group and its associate is outside the scope of Ind-AS 102 - Group share based payment arrangement, as associate is not a part of the same group. However, under Ind-AS 8, the Group has taken a policy choice to account the said employee share based payments arrangement as per the provisions of Ind-AS 102.

Applying Ind-AS 102 - Group share based payments arrangement guidance, the fair value of options granted to the employees of the Group is recognised as an employee benefits expense with a corresponding decrease in investment in associate.

e) Expense arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised in profit or loss as part of employee benefit expense were as follows:

	Year ended March 31, 2019	Year ended March 31, 2018
IDFC Limited - Employee stock option scheme (equity settled)	14.70	(0.92)
IDFC AMC - Employee stock option scheme (cash settled)	4.49	0.96
IDFC Infrastructure Finance Limited - Employee stock option scheme (equity settled)	-	-
IDFC FIRST Bank Limited - Employee stock option scheme (equity settled)	0.01	0.99
Total	19.20	1.03

52 INTEREST IN OTHER ENTITIES

a) Subsidiaries

The Group's subsidiaries at March 31, 2019 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group.

Name of entity	Principal activities	Place of incorporation and principle business	Ownership interest held by Group (%)			Ownership interest held by non-controlling interests (%)		
			As at March 31, 2019	As at March 31, 2018	As at April 1, 2017	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
IDFC Alternatives Limited	Fund Management Services	India	100%	100%	100%	-	-	-
IDFC AMC Trustee Company Limited	Trusteeship services	India	100%	100%	100%	-	-	-
IDFC Asset Management Company Limited	Asset management services	India	100%	100%	100%	-	-	-
IDFC Projects Limited	Project management services	India	100%	100%	100%	-	-	-
IDFC Securities Limited	Stock broking	India	100%	100%	100%	-	-	-
IDFC Trustee Company Limited	Trusteeship services	India	100%	100%	100%	-	-	-
IDFC Infrastructure Finance Limited (till March 11, 2019)	Infrastructure lending	India	-	81%	81%	-	19%	19%
IDFC Financial Holding Company Limited	Non operating NBFC	India	100%	100%	100%	-	-	-
IDFC Capital (Singapore) Pte Ltd	Asset management services	Singapore	100%	100%	100%	-	-	-
IDFC Capital (USA) Inc.	Asset management services	USA	100%	100%	100%	-	-	-
IDFC Securities Singapore Pte Ltd	Stock broking	Singapore	100%	100%	100%	-	-	-
IDFC Investment Managers (Mauritius) Limited	Asset management services	Mauritius	100%	100%	100%	-	-	-
IDFC IEH Conservative Fund	AIF Category III Fund	India	61%	61%	-	39%	39%	-
IDFC IEH Tactical Fund	AIF Category III Fund	India	78%	-	-	22%	-	-
India Multi Avenues Fund Limited	Investing	India	100%	100%	100%	-	-	-
IDFC Foundation*	Not-for-profit organization	India	100%	100%	100%	-	-	-

* The subsidiary is limited by shares formed under Section 25 of the Companies Act, 1956, now section 8 of the Companies Act, 2013. No dividend can be proposed and paid to the shareholders by these companies. In the event of winding up or dissolution of these companies, after the satisfaction of all its debts and liabilities, any property whatsoever shall be given or transferred to some other institution(s) having object similar to the objects of these companies, to be determined by the members of the these companies at or before the time of dissolution or in default thereof by the High Court. The carrying amount of the assets and liabilities included within the consolidated financial statements to which these restrictions apply is ₹ 63 crore (March 31, 2018: ₹ 59 Crore and April 1, 2017: ₹ 74 crore).

(i) Significant judgement: Consolidation of IDFC Foundation

Under Ind-AS 110, an investor controls an investee if it has power over investee, exposure to variable return and an ability to use its power to affect investee's returns. IDFC Foundation is wholly owned subsidiary of IDFC Limited. The variable returns under Ind-AS do not need to be financial in nature, it can be either in the form of synergistic benefits or enhanced reputation. Since IDFC Foundation's CSR activities are promoted in the name of IDFC Group under Ind-AS 110, it can reasonably help IDFC Group to developed its reputation and get synergistic benefits out of it.

b) Interest in associates and joint ventures

Set out below are the associates and joint ventures of the group as at March 31, 2019 which, in the opinion of the directors, are material to the group. The entities listed below have share capital consisting solely of equity shares, which are held directly by the group.

Name of entity	% of ownership interest	Relation-ship	Accounting Method	Quoted fair value			Carrying value		
				As at March 31, 2019	As at March 31, 2018	As at April 1, 2017	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
IDFC FIRST BANK LIMITED (REFER NOTE (I) BELOW)	40.00%	Associate	Equity Method	10,615.32	8,520.21	10,659.25	7,511.05	8,037.72	7,614.47
IDFC Infrastructure Finance Limited (w.e.f March 12, 2019)	30.00%	Associate	Equity Method	- *	- *	- *	266.23	-	-
Novopay Solutions Private Limited#	23.83%	Associate	Equity Method	- *	- *	- *	2.73	-	-
Jetpur Somnath Tollways Private Limited	26.00%	Associate	Equity Method	- *	- *	- *	-	-	-
IDFC Infrastructure Fund 3- IDFC Private Equity Fund III - Class C (till April 27, 2018)	0.00%	Associate	FVTPL	- *	- *	- *	-	1.63	2.06
IDFC Infrastructure Fund 3- IDFC Private Equity Fund III - Class F (till April 27, 2018)	0.00%	Associate	FVTPL	- *	- *	- *	-	0.85	0.95
Emerging Markets Private Equity Fund LP	0.00%	Associate	FVTPL	- *	- *	- *	-	133.00	101.36
IDFC Private Equity Fund IV (till January 31,2019)	0.00%	Associate	FVTPL	- *	- *	- *	-	63.01	33.56
IDFC Score Fund - Class A3 (till January 31,2019)	0.00%	Associate	FVTPL	- *	- *	- *	-	26.48	-
IDFC Private Equity Fund II - Class C (till January 31,2019)	0.00%	Associate	FVTPL	- *	- *	- *	-	0.01	-
IDFC Score Fund - Class B (till January 31,2019)	0.00%	Associate	FVTPL	- *	- *	- *	-	ß	9.79
IDFC Private Equity Fund III - Class B (till January 31,2019)	0.00%	Associate	FVTPL	- *	- *	- *	-	ß	-
IDFC Private Equity Fund III - Class E (till January 31,2019)	0.00%	Associate	FVTPL	- *	- *	- *	-	ß	-
India Infrastructure Fund - Class B (till June 30,2018)	0.00%	Associate	FVTPL	- *	- *	- *	-	ß	-
India Infrastructure Fund II - Class B (till June 30,2018)	0.00%	Associate	FVTPL	- *	- *	- *	-	32.50	-
IDFC Real Estate Yield Fund - Class B (till January 31,2019)	0.00%	Associate	FVTPL	- *	- *	- *	-	ß	-
Delhi Integrated Multi - Modal Transit System Limited	49.49%	Joint Venture	Equity Method	- *	- *	- *	57.95	51.58	46.66
Infrastructure Development Corporation (Karnataka) Limited ("iDeck")	49.49%	Joint Venture	Equity Method	- *	- *	- *	50.03	47.56	45.37
Total equity accounted investments				10,615.32	8,520.21	10,659.25	7,887.99	8,394.34	7,854.22

\# The year end in respect of this entity is December 31, 2018.

* Note: Unlisted entity - no quoted price available

i) Significant judgement: existence of significant influence

IDFC FIRST Bank Limited is in the banking business and offers financial solutions using technology and a service-oriented approach to corporate and private customers in India.

Under previous GAAP, as the Group held 52.88% in IDFC First Bank Limited (formerly IDFC Bank Limited), it was consolidated as a subsidiary as per AS-21. Accordingly, the assets, liabilities, incomes and expenses of IDFC FIRST Bank Limited were consolidated line by line. Under Ind-AS 110, IDFC FIRST Bank Limited does not qualify to be a subsidiary as the Group fails to demonstrate control over it due to restricted voting rights as per the prevailing legal framework coupled with the absence of de-facto control. However, this does not preclude the Group from exercising significant influence over IDFC First Bank Limited.

Accordingly, IDFC FIRST Bank Limited is considered as an associate under Ind-AS 28.

ii) Commitments and contingent liabilities in respect of associates and joint ventures (In ₹ crore)

	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Contingent liabilities – associates			
Derivative and non-fund based exposure	117,123.60	112,071.04	106,311.22
Income Tax	0.04	0.04	0.04
Bank Guarantee from PNB (submitted to NHAI)	90.64	90.64	-
Other Bank Guarantee	15.25	15.26	-
Total commitments and contingent liabilities	117,229.53	112,176.98	106,311.26

iii) Summarised financial information for associates

The tables below provide summarised financial information for those associates that are material to the group. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and not IDFC Limited's share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments made at the time of acquisition and modifications for differences in accounting policies.

(In ₹ crore)

Summarised balance sheet	IDFC FIRST Bank Limited		
	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Financial assets	169,387.90	126,743.41	112,894.73
Financial liabilities	154,380.70	114,295.85	101,347.44
Net financial assets	15,007.20	12,447.56	11,547.29
Non-financial assets	4,663.18	3,139.68	3,201.72
Non-financial liabilities	238.58	55.42	59.85
Provisions	858.30	310.23	290.58
Net Non-financial Asset	3,566.30	2,774.03	2,851.29
Net Assets	18,573.50	15,221.59	14,398.58

(In ₹ crore)

Reconciliation to carrying amounts	IDFC FIRST Bank Limited	
	As at March 31, 2019	As at March 31, 2018
Opening Net Assets	15,221.59	14,398.58
Profit during the year	(1,497.34)	1,369.78
Other comprehensive income for the year	(92.69)	(272.69)
Dividends paid (including DDT)	(307.79)	(307.05)
Equity shares issued during the year (including share premium)	5,140.93	25.03
Other reserve movement	108.80	7.94
Closing net assets	18,573.50	15,221.59
Group's Share in %	40%	53%
Group's Share in ₹	7,429.40	8,037.72
Employee share based payment charge	0.01	3.13
Excess of purchase cost over proportionate net assets (for additional stake acquired during the year)	81.64	-
Carrying Amount	7,511.05	8,040.85

(In ₹ crore)

Summarised statement of profit and loss	IDFC FIRST Bank Limited	
	As at March 31, 2019	As at March 31, 2018
Total Income	4,846.47	3,697.10
Profit for the year	(1,497.34)	1,369.78
Other comprehensive income	(92.69)	(272.69)
Total comprehensive income	(1,590.03)	1,097.09

(In ₹ crore)

Breakup of Other Comprehensive Income	IDFC FIRST Bank Limited	
	As at March 31, 2019	As at March 31, 2018
Other Comprehensive Income to the extent not to be reclassified to Profit or Loss	76.86	1.56
Other Comprehensive Income/ (Loss) to the extent that may be reclassified to Profit or Loss	(169.55)	(274.25)
Total Other Comprehensive Income/ (Loss)	(92.69)	(272.69)

iv) Individually immaterial associates

In addition to the interests in associates disclosed above, the group also has interests in a number of individually immaterial associates that are accounted for using the equity method. (In ₹ crore)

	Year ended March 31, 2019	Year ended March 31, 2018
Aggregate carrying amount of individually immaterial associates	-	-
Aggregate amounts of the Group's share of:		
- Profit/(loss) from continuing operations	-	-
- Gain on dilution is stake	2.73	-
- Other comprehensive income	-	-
Total comprehensive income	2.73	-

v) Amount recognised in the statement of profit and loss (In ₹ crore)

	Year ended March 31, 2019	Year ended March 31, 2018
Share of profits from associates	(664.90)	608.83
Gain/(loss) on dilution in stake in IDFC FIRST Bank Limited	(225.67)	1.31
Gain on dilution in stake in Novopay Solutions Private Limited	2.73	-
Share of profits from joint ventures	8.85	7.62
Total share of profits from associates and joint ventures	(878.99)	617.76

vi) Unrecognized share of loss of an associate (In ₹ crore)

	As at March 31, 2019	As at March 31, 2018
Unrecognised share of loss of an associate:		
-Novopay Solutions Private Limited		
Opening balance of unrecognised share of loss	(1.62)	(0.96)
Share in Profit/ (loss) during the period	-	(0.66)
Closing balance of unrecognised share of loss	(1.62)	(1.62)
-Jetpur Somnath Tollways Private Limited		
Opening balance of unrecognised share of loss	(134.59)	(127.81)
Share in Profit/ (loss) during the period	(2.34)	(6.78)
Closing balance of unrecognised share of loss	(136.93)	(134.59)

The Group has absorbed the share of losses in Novopay Solutions Private Limited only to the extent of its investment value.

53 DISCLOSURE OF ADDITIONAL INFORMATION PERTAINING TO THE PARENT, SUBSIDIARY AND JOINT VENTURE COMPANIES AS PER SCHEDULE III OF THE COMPANIES ACT, 2013 AS ON MARCH 31, 2019

Name of the entity in the group	Net Assets, i.e., total assets minus total liabilities		Share in profit and loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	(In ₹ crore)	As % of consolidated profit or Loss	(In ₹ crore)	As % of consolidated other comprehensive Income	(In ₹ crore)	As % of consolidated total comprehensive income	(In ₹ crore)
Parent company								
IDFC Limited	93.91	9,778.74	(15.57)	127.89	0.59	(0.23)	(14.84)	127.66
Indian subsidiary companies								
IDFC Alternatives Limited	3.81	397.10	(9.28)	76.20	-	-	(8.86)	76.20
IDFC AMC Trustee Company Limited	0.00	0.25	(0.01)	0.06	-	-	(0.01)	0.06
IDFC Asset Management Company Limited	2.82	293.23	(5.54)	45.51	4.79	(1.86)	(5.07)	43.65
IDFC Projects Limited	(0.89)	(93.05)	3.32	(27.27)	-	-	3.17	(27.27)
IDFC Securities Limited	1.33	138.09	1.14	(9.35)	5.48	(2.13)	1.33	(11.48)
IDFC Trustee Company Limited	0.07	7.51	(0.12)	0.98	-	-	(0.11)	0.98
IDFC Financial Holding Company Limited	86.49	9,006.87	(0.91)	7.44	-	-	(0.86)	7.44
IDFC Foundation	0.61	63.18	(0.59)	4.83	0.95	(0.37)	(0.52)	4.46
India Multi Avenues Fund Limited	-	-	-	-	-	-	-	-
IDFC Infrastructure Finance Limited (till 11th March 2019)	6.49	675.80	(10.24)	84.07	0.42	(0.16)	(9.75)	83.91
IDFC IEH Conservative fund (w.e.f 31st Jan 2018)	0.35	36.91	0.11	(0.87)	(3.41)	1.32	(0.05)	0.45
IDFC IEH Tactical fund (w.e.f 01st March 2019)	0.19	19.88	0.03	(0.26)	(0.71)	0.27	(0.00)	0.02
Foreign subsidiary companies								
IDFC Capital (Singapore) Pte Ltd	2.18	226.62	0.22	(1.79)	-	-	0.21	(1.79)
IDFC Capital (USA) Inc.	0.06	6.76	(0.01)	0.09	-	-	(0.01)	0.09
IDFC Securities Singapore Pte Ltd	0.01	0.84	0.58	(4.80)	-	-	0.56	(4.80)
IDFC Investment Managers (Mauritius) Limited	0.01	1.06	0.04	(0.32)	-	-	0.04	(0.32)
Indian associate companies								
IDFC FIRST Bank Limited (formerly known as IDFC Bank Limited)	72.13	7,511.05	76.93	(631.87)	87.82	(34.11)	77.42	(665.98)
IDFC Infrastructure Finance Limited (w.e.f 12th March 2019)	-	-	-	-	-	-	-	-
Novopay Solutions Private Limited	0.03	2.73	(0.33)	2.73	-	-	(0.32)	2.73
Jetpur Somnath Tollways Private Limited	-	-	-	-	-	-	-	-
Joint venture companies								
Delhi Integrated Multi - Modal Transit System Limited	0.56	57.95	(0.77)	6.33	(0.11)	0.04	(0.74)	6.38
Infrastructure Development Corporation (Karnataka) Limited ("iDeck")	0.48	50.03	(0.28)	2.32	(0.42)	0.16	(0.29)	2.48
Total (A)	270.63	28,181.55	38.73	(318.08)	95.44	(37.07)	41.29	(355.15)
a) Adjustment arising out of consolidation Intercompany Eliminations	(170.90)	(17,796.74)	63.45	(521.10)	4.56	(1.77)	60.79	(522.87)
b) Non-controlling interests								
- IDFC Infrastructure Finance Limited	-	-	(2.09)	17.14	-	-	(1.99)	17.14
- IDFC IEH Conservative Fund	0.22	22.75	(0.09)	0.71	-	-	(0.08)	0.71
- IDFC IEH Tactical Fund	0.06	5.76	-	-	-	-	-	-
Total (B)	(170.63)	(17,768.23)	61.27	(503.25)	4.56	(1.77)	58.71	(505.02)
Total (A) + (B)	100.00	10,413.32	100.00	(821.33)	100.00	(38.84)	100.00	(860.17)

53 DISCLOSURE OF ADDITIONAL INFORMATION PERTAINING TO THE PARENT, SUBSIDIARY AND JOINT VENTURE COMPANIES AS PER SCHEDULE III OF THE COMPANIES ACT, 2013 AS ON MARCH 31, 2018

Name of the entity in the group	Net Assets, i.e., total assets minus total liabilities		Share in profit and loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consoli-dated net assets	(In ₹ crore)	As % of consolidat-ed profit or Loss	(In ₹ crore)	As % of consolidat-ed other comprehen-sive Income	(In ₹ crore)	As % of consoli-dated total comprehen-sive income	(In ₹ crore)
Parent company								
IDFC Limited	85.38	9,760.60	20.80	184.00	(0.12)	0.14	23.96	184.14
Indian subsidiary companies								
IDFC Alternatives Limited	2.81	320.81	(1.21)	(10.70)	-	-	(1.39)	(10.70)
IDFC AMC Trustee Company Limited	0.00	0.20	0.01	0.05	-	-	0.01	0.05
IDFC Asset Management Company Limited	2.49	284.42	11.78	104.19	0.12	(0.14)	13.54	104.05
IDFC Projects Limited	(1.03)	(117.28)	(1.14)	(10.06)	-	-	(1.31)	(10.06)
IDFC Securities Limited	1.52	174.15	2.51	22.22	0.77	(0.89)	2.78	21.33
IDFC Trustee Company Limited	0.06	6.53	0.11	0.97	-	-	0.13	0.97
IDFC Infrastructure Finance Limited	5.18	592.65	7.67	67.86	(0.06)	0.07	8.84	67.94
IDFC Financial Holding Company Limited	79.78	9,120.42	22.65	200.40	-	-	26.07	200.40
IDFC Foundation	0.51	58.72	(1.71)	(15.10)	(0.05)	0.06	(1.96)	(15.04)
IDFC IEH Conservative fund (w.e.f 31st Jan 2018)	0.32	36.09	0.04	0.33	0.58	(0.68)	(0.05)	(0.35)
IEH Tactical Fund	-	-	-	-	-	-	-	-
India Multi Avenues Fund Limited	-	-	-	-	-	-	-	-
Foreign subsidiary companies					-			
IDFC Capital (Singapore) Pte Ltd	1.74	199.20	0.15	1.32	-	-	0.17	1.32
IDFC Capital (USA) Inc.	0.05	6.28	0.01	0.10	-	-	0.01	0.10
IDFC Securities Singapore Pte Ltd	0.02	2.74	(0.08)	(0.67)	-	-	(0.09)	(0.67)
IDFC Investment Managers (Mauritius) Limited	0.01	1.30	(0.02)	(0.21)	-	-	(0.03)	(0.21)
Indian associate companies								
IDFC FIRST Bank Limited (formerly known as IDFC Bank Limited)	70.31	8,037.72	78.52	694.62	100.00	(115.95)	75.29	578.67
Novopay Solutions Private Limited	-	-	-	-	-	-	-	-
Jetpur Somnath Tollways Private Limited	-	-	-	-	-	-	-	-
Joint venture companies								
Delhi Integrated Multi - Modal Transit System Limited	0.45	51.57	0.60	5.29	0.32	(0.38)	0.64	4.92
Infrastructure Development Corporation (Karnataka) Limited ("iDeck")	0.42	47.56	0.15	1.35	0.12	(0.14)	0.16	1.21
Total (A)	250.03	28,583.68	140.85	1,245.96	101.69	(117.91)	146.76	1,128.05
a) Adjustment arising out of consolidation Intercompany Elimination	(151.39)	(17,307.72)	(3.16)	(361.37)	(1.69)	1.96	(46.76)	(359.41)
b) Non-controlling interests								
IEH Conservative Fund	0.19	22.25	-	-	-	-	-	-
IDFC Infrastructure Finance Limited	1.17	134.02	-	-	-	-	-	-
Total (B)	(150.03)	(17,151.45)	(3.16)	(361.37)	(1.69)	1.96	(46.76)	(359.41)
Total (A) + (B)	100.00	11,432.23	137.69	884.59	100.00	(115.95)	100.00	768.64

54. RELATED PARTY TRANSACTIONS

a) Subsidiaries

Direct:

IDFC Foundation

IDFC Financial Holding Company Limited

IDFC Projects Limited

Through subsidiaries:

IDFC Alternatives Limited

IDFC Asset Management Company Limited

IDFC Infrastructure Finance Limited (till March 11, 2019)

IDFC Securities Limited

IDFC Capital (USA) Inc.

IDFC Capital (Singapore) Pte. Ltd.

IDFC Investment Managers (Mauritius) Limited

IDFC Securities Singapore Pte. Limited

IDFC AMC Trustee Company Limited

IDFC Trustee Company Limited

India Multi Avenues Fund Limited

IDFC IEH Tactical Fund (w.e.f March 01, 2019)

IDFC IEH Conservative Fund (w.e.f January 31, 2018)

b) Joint ventures

Through subsidiaries:

Delhi Integrated Multi-Modal Transit System Limited

Infrastructure Development Corporation (Karnataka) Limited

c) Associates

Direct:

IDFC FIRST Bank Limited (earlier known as "IDFC Bank Limited")

IDFC Infrastructure Finance Limited (w.e.f March 12, 2019)

Novopay Solutions Private Limited

Jetpur Somnath Tollways Private Limited

IDFC Infrastructure Fund 3- IDFC Private Equity Fund III - Class C (till April 27, 2018)

IDFC Infrastructure Fund 3- IDFC Private Equity Fund III - Class F (till April 27, 2018)

Emerging Markets Private Equity Fund LP

IDFC Private Equity Fund III (upto January 31, 2019)

India Infrastructure Fund (upto June 30, 2018)

India Infrastructure Fund II (upto June 30, 2018)

IDFC Real Estate Yield Fund (upto January 31, 2019)

IDFC Score Fund (upto January 31, 2019)

IDFC Private Equity Fund IV (upto January 31, 2019)

d) Key management personnel

Mr. Sunil Kakar	Managing Director & CEO (w.e.f July 16, 2017)
Mr. Bipin Gemani	Chief Financial Officer (w.e.f December 19, 2018)
Mr. Vikram Limaye	Managing Director & CEO (upto July 15, 2017)

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

(In ₹ crore)

	Associates / JV's / Others 2019	Associates / JV's / Others 2018	Associates / JV's / Others 2017	Key Management Personnel 2019	Key Management Personnel 2018
INCOME					
Interest	5.11	11.16	-	-	-
Fee income	270.20	338.65	-	-	-
Shared service recovery	22.22	38.94	-	-	-
Brokerage received	0.04	0.15	-	-	-
Rental Income	3.95	-	-	-	-
Corpus donation received	20.82	14.23	-	-	-
Income from Contract assets	-	61.72	-	-	-
Sitting fees received	0.02	0.03	-	-	-
EXPENDITURE					
Remuneration paid	-	-	-	5.58	8.78
Shared service cost	5.20	7.30	-	-	-
License Fees	0.16	-	-	-	-
Fees on Cancellation of Forward Contract	4.65	-	-	-	-
Expenses related to contract assets	2.44	-	-	-	-
Lease rent	0.11	0.04	-	-	-
ASSETS / TRANSACTIONS					
Purchase / subscription of investments	969.23	344.74	404.37	-	-
Amount received on sale proceeds of investment	560.96	372.72	421.40	-	-
Security deposit o/s	1.77	-	-	-	-
Transfer of fixed assets	0.57	-	-	-	-
Current account balance	8.11	8.24	399.58	-	-
Fixed deposits placed	1,415.99	418.34	400.79	-	-
Fixed deposits matured	1,515.51	378.12	495.70	-	-
Fixed deposits - Balance outstanding	59.79	159.25	137.22	-	-
Interest accrued on deposits	4.07	4.48	5.33	-	-
Other receivables	95.49	29.70	-	-	-
Contract assets	59.28	61.72	-	-	-
Outstanding Investment in Mutual Fund	157.08	244.44	230.84	-	-
Outstanding Preference investment	88.74	61.59	54.93	-	-
Outstanding Equity investment	7,587.54	7,108.33	7,108.33	-	-
LIABILITIES / TRANSACTIONS					
Other payables- balance outstanding	0.07	0.05	1.15	-	-
Trade payables- balance outstanding	5.09	4.03	5.43	-	-

55. FIRST-TIME ADOPTION OF IND-AS

Transition to Ind-AS

The accounting policies set out in note 1 have been applied in preparing the consolidated financial statements for the year ended March 31, 2019, the comparative information for the year ended March 31, 2018 and in the preparation of an opening consolidated Ind-AS balance sheet at April 1, 2017 (the Group's date of transition). In preparing its opening consolidated Ind-AS balance sheet, the Group has adjusted the amounts reported previously in consolidated financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (Previous GAAP or Indian GAAP or IGAAP). An explanation of how the transition from Previous GAAP to Ind-AS has affected the Group's consolidated financial position, financial performance and cash flows is set out in the following tables and notes.

a) Optional exemptions availed

Set out below are applicable Ind-AS 101 optional exemptions and mandatory exceptions applied in the transition from Previous GAAP to Ind-AS.

i) Deemed cost

Ind-AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind-AS, measured as per the Previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities, capital grant if applicable. This exemption can also be used for intangible assets covered by Ind-AS 38 Intangible Assets.

The Group has elected to measure all property, plant and equipment, and intangible assets at their Previous GAAP carrying value.

ii) Designation of previously recognised financial instruments

Ind-AS 101 allows an entity to designate investments in equity instruments at FVOCI on the basis of the facts and circumstances at the date of transition to Ind-AS. The Group has elected to apply this exemption for its investment in equity instruments.

iii) Share - based payment transactions

nd AS 102 deals with the accounting and disclosure requirements related to share-based payment transactions. The standard addresses three types of share-based payment transactions: equity-settled, cash-settled, and with cash alternatives. A first-time adopter is encouraged, but is not required, to apply Ind-AS 102 to:

(i) equity instruments that vested before the date of transition to Ind-AS, and

(ii) liabilities arising from share-based payment transactions that were settled before the date of transition to Ind-AS.

The Group has not applied the requirement of Ind-AS 102 to equity instruments that vested before the date of transition to Ind-AS and liabilities arising from share-based payments transactions that were settled before the date of transition to Ind-AS.

iv) Business combinations

Ind-AS 101 provides the option to apply business combination accounting under Ind-AS prospectively from transition date or from a specific date prior to the transition date. This provides relief from full retrospective application that would otherwise require full restatement of all business combinations prior to the transition date. The Group has elected to apply Ind-AS 103 prospectively to business combination occurring after its transition date. Business combinations occurring prior to transition date have not been restated. The Group has applied same exemption is availed for investments in associates and joint ventures.

v) Cumulative translation differences

Ind-AS 101 permits cumulative translation gains and losses to be reset to zero at the transition date. This provides relief from determining cumulative currency translation differences in accordance with Ind-AS 21 from the date a subsidiary was formed or acquired.

The Group has elected to reset all cumulative translation differences to zero by transferring it to retained earnings at its transition date.

b) Ind-AS mandatory exceptions

The Group has applied the following exceptions from full retrospective application of Ind-AS mandatorily required under Ind-AS 101:

i) Estimates

An entity's estimates in accordance with Ind-AS at the date of transition to Ind-AS shall be consistent with estimates made for the same date in accordance with Previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind-AS estimates as at April 1, 2017 are consistent with the estimates as at the same date made in conformity with Previous GAAP. The Group made estimates for following items in accordance with Ind-AS at the date of transition as these were not required under Previous GAAP.

- Investment in equity instruments measured at FVOCI;
- Investment in debt instruments measured at FVTPL;
- Impairment of financial asset based on expected credit loss model.

ii) De-recognition of financial assets and liabilities

Ind-AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind-AS 109 prospectively for transactions occurring on or after the date of transition to Ind-AS. However, Ind-AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind-AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind-AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Group has elected to apply the de-recognition provisions of Ind-AS 109 prospectively from the date of transition to Ind-AS.

iii) Classification and measurement of financial assets

Ind-AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind-AS.

c) Reconciliations between Previous GAAP and Ind-AS

Ind-AS 101 requires a first time adopter to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from Previous GAAP to Ind-AS.

i) Reconciliation of Other equity between Previous GAAP and Ind-AS: (In ₹ crore)

	Notes	As at March 31, 2018	As at April 1, 2017
Total equity (shareholder's funds) as per Previous GAAP		11,322.99	10,819.86
Adjustments:			
Consolidation of IDFC Foundation	(i)	58.72	73.76
Consolidation of IDFC IEH Conservative Fund	(ii)	(1.35)	-
Deconsolidation of IDFC FIRST Bank Limited	(iii)	(13.43)	(198.83)
Fair valuation of investments	(iv)	81.59	10.09
Fair valuation of derivatives	(v)	-	(1.45)

i) Reconciliation of Other equity between Previous GAAP and Ind-AS:

(In ₹ crore)

	Notes	As at March 31, 2018	As at April 1, 2017
Amortisation of front end fees on loan assets at EIR	(vi)	(12.42)	(8.06)
Fair valuation of security deposits	(vii)	(2.18)	(1.60)
Provision for expected credit losses on loan and loan commitments	(viii)	(31.43)	(37.70)
Reversal of lease equalisation liability	(ix)	1.41	0.95
Amortisation of loan origination expenses on borrowings at EIR	(x)	0.69	0.45
ESOP reserve on awards to employees of IDFC FIRST Bank Limited at fair value (net)	(xi)	3.13	1.74
ESOP expense on cash-settled awards of IDFC Asset Management Company Limited	(xii)	(0.96)	-
Carried interest income on asset management	(xiii)	61.72	-
Ind-AS transition impact on carrying value of associates other than IDFC FIRST Bank Limited	(xiv)	33.31	26.21
Reclassification of non-controlling interests	(xv)	158.78	120.53
Tax impact of Ind-AS adjustments	(xvi)	(228.35)	(125.67)
Total adjustments		109.23	(139.58)
Total equity as per Ind-AS		11,432.22	10,680.28

ii) Reconciliation of profit as per Ind-AS with profit reported under Previous GAAP:

(In ₹ crore)

	Notes	Year ended March 31, 2018
Net profit after tax as per Previous GAAP		971.76
Adjustments:		
Consolidation of IDFC Foundation	(i)	(15.10)
Consolidation of IDFC IEH Conservative Fund	(ii)	(0.72)
Deconsolidation of IDFC FIRST Bank Limited	(iii)	(50.47)
Fair valuation of investments	(iv)	72.95
Fair valuation of derivatives	(v)	1.45
Amortisation of front end fees on loan assets at EIR	(vi)	(4.37)
Fair valuation of security deposits	(vii)	(0.01)
Provision for expected credit losses	(viii)	5.71
Reversal of lease equalisation liability	(ix)	0.46
Amortisation of loan origination expenses on borrowings at EIR	(x)	0.25
ESOP expense on awards to employees of the Company and subsidiaries at fair value	(xi) and (xii)	(2.08)
Carried interest income on asset management	(xiii)	61.72
Remeasurements of post employment benefit obligations	(xvii)	(0.95)
Equity pick-up of DIMMTS and iDeCK		7.61
Tax impact on above items	(xvi)	(163.62)
Profit after tax as per Ind-AS		884.59
Other Comprehensive Income:		
Remeasurements of post employment benefit obligations	(xvi)	0.73
Fair valuation of equity investments at FVOCI	(iv)	(1.44)
Other comprehensive income arising from consolidation of IDFC Foundation	(i)	0.06
Share of OCI of associates and joint ventures accounted using equity method		(144.51)
Tax impact on above items	(xvi)	29.21
Total comprehensive income as per Ind-AS		768.64

iii) Impact of Ind-AS adoption on the consolidated statements of cash flows for the year ended March 31, 2018:

Except for changes detailed in notes (d)(i) and (d)(iii) below, the transition from Previous GAAP to Ind-AS has not had a material impact on the statement of cash flows.

iv) Analysis of change in cash and cash equivalents for the purpose of consolidated statement of cash flows under Ind-AS:

Except for changes detailed in notes (d)(i) and (d)(iii) below, the transition from Previous GAAP to Ind-AS has not had a material impact on consolidated cash and cash equivalents.

d) Notes to first-time adoption:

i) Consolidation of IDFC Foundation

Under Previous GAAP, the investing entity controls an investee when it has the ownership of more than one-half of the voting power of the other entity or control of the composition of the board of directors so as to obtain economic benefits from its activities. However, under Previous GAAP, IDFC Foundation was not consolidated despite being IDFC Limited having 100% voting power due to IDFC Foundation operating in a legal restriction that significantly impair its ability to transfer funds to IDFC Limited.

Based on the control assessment carried out by the Group under Ind-AS 110, IDFC Foundation has been assessed as a subsidiary of the Group and requires line by line consolidation of its assets, liabilities, incomes and expenses. Also, IDFC Foundation's investees i.e. Delhi Integrated Multi-Modal Transit System Limited (DIMMTS) and Infrastructure Development Corporation (Karnataka) Limited (iDeCK) over which IDFC Foundation has joint control along with Government of National Capital Territory of Delhi and Government of the State of Karnataka respectively, have been accounted for using equity method of accounting.

Consolidated balance sheet (Summarised) after intercompany eliminations (In ₹ crore)

	As at March 31, 2018	As at April 1, 2017
ASSETS		
Financial assets	75.92	70.40
Non-financial assets	4.32	30.22
Total assets	80.24	100.62
LIABILITIES		
Financial liabilities	20.75	26.03
Non-financial Liabilities	0.77	0.83
Total liabilities	21.52	26.86
Net assets recognised	58.72	73.76

Consolidated statement of profit and loss (Summarised) after intercompany eliminations (In ₹ crore)

	Year ended March 31, 2018
Total income	24.00
Total expenses	39.10
Loss for the period	(15.10)
Other comprehensive income	0.06
Total comprehensive income for the period	(15.04)

Consolidated statement of cash flows (Summarised) after intercompany eliminations (In ₹ crore)

	Year ended March 31, 2018
Cash and cash equivalents April 1, 2017	0.08
Cash flow from operating activities	6.59
Cash flow from investing activities	(6.39)
Cash flow from financing activities	-
Cash and cash equivalents March 31, 2018	0.28

ii) Consolidation of IDFC IEH Conservative Fund

Based on the control assessment carried out by the Group, IDFC IEH Conservative Fund has been assessed as a subsidiary of the Group under Ind-AS 110 considering the principal-agency guidance. The asset manager of IDFC IEH Conservative Fund, which holds power over its relevant activities is a wholly-owned subsidiary of the Company and cannot be removed without approval from 75% unitholders. The Group holds 63.64% units in the fund, which constitutes exposure to variability in returns. Accordingly, the assets, liabilities, income and expenses of IDFC IEH Conservative Fund have been consolidated with the Group on line by line basis.

Summarised balance sheet after intercompany eliminations (In ₹ crore)

	As at March 31, 2018
ASSETS	
Financial assets	20.64
Non-financial assets	0.13
Total assets	20.77
LIABILITIES	
Financial liabilities	0.09
Non-financial Liabilities	0.03
Total liabilities	0.12
Net assets recognised	(1.35)
Non-controlling interests recognised	22.25

Summarised statement of profit and loss after intercompany eliminations (In ₹ crore)

	Year ended March 31, 2018
Total income	(0.34)
Total expenses	0.35
Loss for the period	(0.69)

Summarised statement of cash flow after intercompany eliminations (In ₹ crore)

	Year ended March 31, 2018
Cash and cash equivalents April 1, 2017	
Cash flow from operating activities	(32.90)
Cash flow from investing activities	-
Cash flow from financing activities	57.25
Cash and cash equivalents March 31, 2018	24.35

iii) Deconsolidation of IDFC FIRST Bank Limited

Under Previous GAAP, as the Group held 52.88% in IDFC FIRST Bank Limited (formerly IDFC Bank Limited), it was consolidated as a subsidiary as per AS-21. Accordingly, the assets, liabilities, incomes and expenses of IDFC FIRST Bank Limited were consolidated line by line.

Under Ind-AS 110, IDFC FIRST Bank Limited does not qualify to be a subsidiary as the Group fails to demonstrate control over it due to restricted voting rights as per the prevailing legal framework coupled with the absence of de-facto control. However, this does not preclude the Group from exercising significant influence over IDFC FIRST Bank Limited. Accordingly, IDFC FIRST Bank Limited is considered as an associate under Ind-AS 28.

Consolidated balance sheet (Summarised) under Previous GAAP after intercompany eliminations (In ₹ crore)

	As at March 31, 2018	As at April 1, 2017
ASSETS		
Financial assets	115,609.14	101,331.39
Non-financial assets	3,628.33	3,288.99
Total assets	119,237.47	104,620.38
LIABILITIES		
Financial liabilities	110,473.97	96,448.71
Non-financial Liabilities	7,742.42	7,388.44
Total liabilities	118,216.39	103,837.15
Net assets derecognised	1,021.08	783.23
Carrying value of investment in IDFC FIRST Bank Limited under Ind-AS [refer note 52(b)]	8,037.72	7,614.47
Carrying amount as per standalone financial statements at purchase cost (or deemed cost)	7,030.07	7,030.07
Net impact of deconsolidation on equity	(13.43)	(198.83)

Consolidated statement of profit and loss (Summarised) under Previous GAAP after intercompany eliminations (In ₹ crore)

	Year ended March 31, 2018
Total income	10,511.71
Total expenses	9,391.55
Profit before tax	1,120.16
Profit for the period	640.29

Consolidated statement of cash flows (Summarised) under Previous GAAP after intercompany eliminations (In ₹ crore)

	Year ended March 31, 2018
Cash and cash equivalents April 1, 2017	5,183.17
Cash flow from operating activities	(4,767.82)
Cash flow from investing activities	(10,941.23)
Cash flow from financing activities	15,470.09
Cash and cash equivalents March 31, 2018	4,944.21

iv) Fair valuation of investments

Under the Previous GAAP, investments in equity instruments, mutual fund units, venture capital fund units were classified as long term or current based on the intended holding period and realisability. Long term investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value. Under Ind-AS, these investments are required to be measured at fair value and classified as fair value through profit and loss or other comprehensive income. The resulting fair value changes of such investments (other than equity instruments designated as at FVOCI) have been recognised in retained earnings as at the date of transition and subsequently in the statement of profit and loss for the year ended March 31, 2018.

Fair value changes of investments in equity instruments designated as at FVOCI have been recognised in FVOCI – Equity investments reserve as at the date of transition and subsequently in the other comprehensive income for the year ended March 31, 2018.

v) Fair valuation of derivatives

Under the Previous GAAP, interest rate swaps are recorded on accrual basis and not marked-to-market. Any resultant profit or loss on termination of such swaps was amortised over the life of the swap or underlying liability, whichever was shorter. Under Ind-AS, derivatives that are not in a designated hedging relationship as per Ind-AS 109 are fair valued with resulting changes recognised in the statement of profit and loss.

vi) Amortisation of front end fees on loan assets at EIR

Ind-AS 109 requires transaction costs received towards origination of loans assets to be deducted from the carrying amount of loan assets on initial recognition. These costs are recognised in the profit or loss over the tenure of the loan asset as part of the interest income by applying the effective interest rate method.

Under Previous GAAP, these transaction costs were recognised in profit or loss as and when received. Accordingly, loan assets as at April 1, 2017 have been reduced with a corresponding adjustment to retained earnings. The total equity decreased by an equivalent amount. The profit for the year ended March 31, 2018 decreased by amortisation of loan origination cost over the tenure of the loan.

vii) Fair valuation of security deposits

Under the Previous GAAP, interest free lease security deposits (that are refundable in cash on completion of the lease term) are recorded at their transaction value. Under Ind-AS, all financial assets are required to be recognised at fair value. Accordingly, the Group has fair valued these security deposits under Ind-AS. Difference between the fair value and transaction value of the security deposit has been recognised as prepaid rent which is amortised over the expected term of the security deposit. The profit or loss and total equity has changed by the net impact of (i) amortisation of prepaid rent, and (ii) notional interest income on security deposits.

viii) Provision for expected credit losses

Under Ind-AS, Group is required to apply expected credit loss model for recognising the impairment for financial assets viz. security deposits, loans and loan commitments. This has resulted in higher provision and a consequential reduction in profit or loss and total equity.

ix) Reversal of lease equalisation liability

Under Previous GAAP, lease rentals on operating leases were required to be recognised as expense on straight-line basis over the lease term by recognising corresponding lease equalisation liability. However, under Ind-AS, if the escalation of lease rentals is in line with the expected general inflation to compensate the lessor for expected inflationary cost, the increases in the rentals shall not be straight-lined. Accordingly, other financial liabilities have been reduced with corresponding adjustment to retained earnings as at April 1, 2017. The rent expense for the year ended March 31, 2018 has also decreased.

x) Amortisation of loan origination expenses on borrowings at EIR

Ind-AS 109 requires transaction costs incurred towards origination of borrowings to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognised in the profit or loss over the tenure of the borrowing as part of the interest expense by applying the effective interest rate method.

Under Previous GAAP, these transaction costs were charged to profit or loss as and when incurred. Accordingly, borrowings as at April 1, 2017 have been reduced with a corresponding adjustment to retained earnings. The total equity increased by an equivalent amount. The profit for the year ended March 31, 2018 increased as a result of the additional interest expense recognised in previous years reversed on transition date and being charged over the tenure of the borrowing instead of being charged upfront.

xi) Employee stock option expense - IDFC Limited, IDFC FIRST Bank Limited and IDFC Infrastructure Finance Limited

Under the Previous GAAP, the cost of equity-settled employee share-based plan were recognised using the intrinsic value method. Under Ind-AS, the cost of equity-settled share-based plan is recognised based on the fair value of the options as at the grant date. Consequently, the amount recognised in share option outstanding account has increased with a corresponding adjustment to retained earnings. For options granted to the employees of the Company and subsidiaries, there is no impact on the total equity. However, the amount recognised as a charges in the statement of profit and loss for the year ended March 31, 2018 has increased.

Pursuant to the demerger scheme in October 2015, IDFC Limited's share based options were retained by employees that were transferred to IDFC FIRST Bank Limited in addition to they receiving replacement IDFC FIRST Bank Limited's share based options on a 1:1 basis. In addition, employees retained by IDFC Limited were awarded compensatory share based options of IDFC FIRST Bank Limited on a 1:1 basis due to value split. The accounting for such share based awards is outside the scope of Ind-AS 102 as associates are not part of the Group. However, under Ind-AS 8, the Group has considered to account for these awards in a manner similar to the provisions of Ind-AS 102. As a result, the Group accounts for these awards using grant date fair value. For awards held by employees of IDFC FIRST Bank Limited, the carrying value of the associate in the consolidated balance sheet is increased with a corresponding impact in the share option outstanding account. For IDFC FIRST Bank Limited's awards held by employees of IDFC Limited, the carrying value of the associate in the consolidated balance sheet is decreased to account for in-specie return of capital with a corresponding charge in the statement of profit and loss.

xii) Employee stock option expense - IDFC Asset Management Company Limited

Under the previous GAAP, the cost of cash-settled employee share-based plan was recognised using the intrinsic value method. Under Ind-AS, the cost of cash-settled share-based plan is recognised based on the fair value of the options as at the reporting date. Consequently, the amount recognised as a charge in the statement of profit and loss has increased.

xiii) Carried interest income on asset management

Under Previous GAAP, revenue recognition from performance linked fees or return based fees was postponed until it was not "unreasonable to expect ultimate collection" and "measurement of revenue is reasonably determinable". This was often only at the end of the performance period, once the outcome was known. Under Ind-AS 115, Revenue from Contracts with Customers, performance linked fees or return based fees are in the nature of 'variable consideration'. Ind-AS 115 requires recognition of such variable consideration to the extent it is highly probable that revenue would not reverse in future. Further, the standard requires use of "expected value method" or "most likely method" depending on facts and circumstances to determine the amount of revenue to be recognised. In the instant case, revenue for carried interest has been recognised basis fair value of the underlying assets under management as of the reporting date. However, since the right to collect such revenue is conditioned upon sale of underlying securities and at an amount that does not result in loss of value, the statement of profit and loss for the financial year March 31, 2018 has been increased with corresponding adjustment to "contract asset" on the balance sheet.

xiv) Ind-AS transition impact on carrying value of associates other than IDFC FIRST Bank Limited

Pursuant to Companies (Indian Accounting Standards) (Amendment) Rules, 2016, Rule 4(1)(iv), where an NBFC parent is preparing consolidated financial statements under Ind-AS, its subsidiaries, joint ventures and associates are required to provide the relevant financial statement data in accordance with the accounting policies followed by IDFC Limited for consolidation purpose under Ind-AS. The impact on total equity pertains to Ind-AS transition impact on carrying value of Novopay Solutions Private Limited and Jetpur Somnath Tollways Limited.

xv) Reclassification of non-controlling interests

Under Previous GAAP, minority interests (non-controlling interests) were presented in the consolidated balance sheet separately from liabilities and equity of the parent's shareholders (mezzanine presentation). Under Ind-AS, non-controlling interests are presented in the consolidated balance sheet within total equity apart from parent's equity. The balance represents reclassification of amounts attributable to non-controlling interests in IDFC Infrastructure Finance Limited for total equity as of April 1, 2017 and March 31, 2018, and IDFC IEH Conservative Fund as of March 31, 2018.

xvi) Deferred tax

Under Previous GAAP, tax expense in the consolidated financial statements was computed by performing line by line addition of tax expense of the parent and its subsidiaries. No adjustments to tax expense was made on consolidation. Under Ind-AS, deferred taxes are also recognised on undistributed profits of associates and joint ventures if the Group has no control over timing and likelihood of distribution. Also, deferred tax has been recognised on the adjustments made on transition to Ind-AS.

xvii) Remeasurements of post-employment benefit obligations

Under Ind-AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the Previous GAAP, these remeasurements formed part of statement of profit and loss for the year.

xviii) Other comprehensive income

Under Ind-AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans, foreign exchange differences arising on translation of foreign operations and fair value gains or (losses) on FVOCI equity instruments. The concept of other comprehensive income did not exist under Previous GAAP.

xix) Foreign currency translation reserve

The Group elected to reset the balance appearing in the foreign currency translation reserve to zero as at April 1, 2017. Accordingly, translation reserve balance under Previous GAAP has been transferred to retained earnings. There is no impact on total equity as a result of this adjustment.

xx) Retained earnings

Retained earnings as at April 1, 2017 has been adjusted consequent to the above Ind-AS transition adjustments.

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

Russell I Parera
Partner
Membership Number : 42190

Mumbai, May 29, 2019

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

Vinod Rai
Non-Executive Chairman
(DIN: 00041867)

Sunil Kakar
Managing Director & CEO
(DIN: 03055561)

Mahendra N. Shah
Company Secretary
(PAN: ABRPS7427F)

Bipin Gemani
Chief Financial Officer
(PAN: AACPG6412A)