INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF IDFC LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of IDFC Limited (hereinafter referred to as the 'Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), its associates and joint ventures (refer Note 2 to the attached consolidated financial statements), which comprise the consolidated Balance Sheet as at March 31, 2020, and the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Statement of Changes in Equity and the consolidated Cash Flows Statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information prepared based on the relevant records. (hereinafter referred to as "the consolidated financial statements").

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

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, its associates and joint ventures in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by ICAI and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 21 of the Other Matters paragraph below, other than the unaudited financial statements/ financial information as certified by the management and referred to in sub-paragraph 22 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

4. In respect of the Holding Company and four subsidiaries of the Group audited by us (including, IDFC Asset Management Company Limited, IDFC Securities Limited, IDFC Financial Holding Company Limited and IDFC Foundation), we draw your attention to Note 55 to Consolidated Financial Statement, which describes the Group's assessment of the impact of the outbreak of Coronavirus (Covid-19) on the business operations of the Group. As mentioned in the note, necessary adjustments were made by the Group to the financial statements consequent to the impact of the outbreak of Covid-19, however, in view of the various preventive measures taken (such as complete lock-down restrictions by the Government of India, travel restrictions etc.) and highly uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve. Our opinion is not modified in respect of this matter.

5. In respect of IDFC Alternatives Limited(a subsidiary of the Holding Company),we draw attention to note 45(a) to the Consolidated Financial Statement, regarding preparation of financial statements on realizable value basis, pursuant to the Group's decision to discontinue the operations of the Company in view of reasons stated therein. Further, we also draw reference to note 55to the Statements which describes the management's assessment of the impact of the outbreak of Coronavirus (Covid-19) on the net realisable values. The Group believes that no adjustments are required in the financial statements as it does not impact the current financial year, however, in view of the various preventive measures taken (such as complete lock-down restrictions by the Government of India, travel restrictions etc.) and highly uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve. Our opinion is not modified in respect of this matter.

6. In respect of IDFC Trustee Company Limited and IDFC Projects Limited (subsidiaries of the Holding Company), we draw attention to Note 45(a) to the Consolidated Financial Statement regarding preparation of the financial statements of these companies on a realisable value basis, pursuant to the Group's decision to discontinue the operations of these companies. Our opinion is not modified in respect of this matter.

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

disposal of application filed by the Company for compounding of these contraventions before the Regional Director. Our opinion is not modified in respect of this matter.

8. We draw attention to following emphasis of matter paragraphs as included in the audit report on the Special purpose condensed consolidated financial information of IDFC FIRST Bank Limited (an associate of the Holding Company), its subsidiary and its associate, issued by their auditors vide report dated May 29,2020:

   i. "We draw attention to the 'Basis of preparation' paragraph of Annexure 1 of the accompanying Reporting package which explains that Reporting package is not presented in accordance with and does not include all the information required to be disclosed as per Ind AS and accounting principles generally accepted in India. Accordingly, the accompanying Reporting Package is not intended to give a true and fair view of the financial position of the Group as at 31 March 2020, or the results of its operations or its cash flows for the year then ended in accordance with accounting principles generally accepted in India.

   ii. We draw attention to Note 3 of the Reporting Package, which explains the accounting of the merger of Capital First Limited and its wholly owned subsidiaries, Capital First Home Finance Limited and Capital First Securities Limited (the "CFL Group") with the Bank, resulting in recognition and accelerated amortization of Intangible assets through Profit and Loss Account during the year ended 31 March 2019.

   iii. We draw attention to Note 6 of the accompanying Reporting package, the extent to which the COVID-19 pandemic will have an impact on the Bank's financial performance is dependent on future developments, which are highly uncertain.

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

   Note 3 as described in the point ii. above corresponds to Note 45(g) of the Consolidated Financial Statement.

   Note 6 as described in the point iii. above corresponds to Note 50 of the Consolidated Financial Statement.

Key Audit Matters

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

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Impairment assessment on the Investment carried at cost (Refer to note 6 to the financial statements.) The Company has gross Investments aggregating to Rs. 6,262.71 crores in associates and joint ventures and the associated impairment allowances aggregated to Rs. 2.87 crores which are significant to the financial statements. Impairment allowances represent management's estimate within the investment portfolios at the balance sheet date and are inherently judgmental. The impairment assessment under Ind-AS 36 'Impairment of Assets' requires an assessment of the investment basis various parameters including but not limited to the net worth of the underlying investments, significant change in the economic environment and basis other internal and external information which may affect adversely to these investments in subsidiaries and associates. Each assessment is subject to (significant) judgement and estimation uncertainty e.g. future level of business at the subsidiaries and associates. Given the inherent subjectivity in the assessment of the above investments, identifying triggering events for impairment and performing impairment testing involves significant judgement, and given the combined magnitude of the assets at risk, we determined this to be a key audit matter.	The audit procedures performed by us to check the impairment allowance on investments include the following: • We understood and tested design and operating effectiveness of the key controls over – ♦ the Management assessment of triggers for impairment assessment; ♦ the completeness and accuracy of source data used by the Management in the impairment allowance computation. ♦ review of impairment allowance computations for its reasonableness by the management. • We, evaluated and validated various parameters considered by the Management for assessment of impairment allowance. • We also checked the completeness and accuracy of source data used. • We recomputed the impairment allowance for the investments across the portfolio, to ensure arithmetical accuracy and compliance with the requirements of related accounting standard (Ind AS 36). • We evaluated the adequacy of presentation and disclosures in relation to impairment loss allowance in the standalone financial statements. Based on the procedures performed above, the provision for impairment as recognized by the management in standalone financial statements is considered to be reasonable.

INDEPENDENT AUDITOR'S REPORT

Other Information

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

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

12. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and the reports of the other auditors as furnished to us (Refer paragraph 21 and 22 below), we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates and jointly controlled entities to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and jointly controlled entities to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates and jointly controlled entities to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

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

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

Other Matters

21. We did not audit the financial statements / financial information of six subsidiaries, whose financial statements / financial information reflect total assets of Rs. 77.34 crores and net assets of Rs. 75.95 crores as at March 31, 2020, total revenues of Rs. 13.12 crores, total net profit after tax of Rs. 4.37 crores, total comprehensive income of Rs. 1.56 crores and net cash outflows of Rs. 124.75 crores for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of loss after tax of Rs. 1,005.61 crores and total comprehensive expense (comprising of loss and other comprehensive expense) of Rs. 1440.81 crores for the year ended March 31, 2020, as considered in the consolidated financial statements, in respect of one associate and one joint venture, whose financial statements / financial information have not been audited by us. These financial statements/ financial information have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the consolidated financial statements insofar as it relates to the amounts and disclosures included in respect of these subsidiaries, joint ventures and associate company and our report in terms of sub-section (3) of Section 143 of the Act including report on Other Information insofar as it relates to the aforesaid subsidiaries, joint ventures and associates, is based solely on the reports of the other auditors

22. We did not audit the financial statements/financial information of one subsidiary , whose financial statements/ financial information reflect total assets of Rs. 0.05 crores and net liability of Rs. 1.44 crores as at March 31, 2020, total revenue of Rs. 0.01 crores, total net loss after tax of Rs. 0.19 crores, total comprehensive expense of Rs. 0.19 crores and net cash flows of Rs. 0.02 crores for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also includes the Group's share of net profit after tax of Rs. 1.17 crores and total comprehensive income (comprising of profit and other comprehensive expense) Rs. 0.98 crores for the year ended March 31, 2020, as considered in the consolidated financial statements, in respect of two associates and one joint venture, whose financial statements / financial information have not been audited by us. These financial statements/ financial information are unaudited and have been furnished to us by the Management, and our opinion on the consolidated financial statements insofar as it relates to the amounts and disclosures included in respect of these

subsidiaries, joint venture and associate companies and our report in terms of sub-section (3) of Section 143 of the Act including report on Other Information insofar as it relates to the aforesaid subsidiaries, joint ventures and associates, is based solely on such unaudited financial statements/ financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements/ financial information are not material to the Group.

23. We draw attention to following paragraphs included in the audit report on the consolidated special purpose financial information of IDFC FIRST Bank Limited (an associate of the Holding Company) and its subsidiary and its associate, issued by an independent firm of chartered accountants vide its report dated May 29,2020:

    i. "The Holding Company has prepared a separate set of consolidated financial statements, which are the statutory consolidated financial statement of the Group, for the year ended 31 March 2020 in accordance with the accounting principles generally accepted in India, on which we have issued a separate auditor's report to the members of the Holding Company dated 22 May 2020.

    The comparative financial information of the Group for the year ended 31 March 2020 included in the Reporting package is not audited by us. The comparative financial information of the Group for the year ended 31 March 2019 included in the Reporting package has been audited by the predecessor auditor who had expressed an unmodified opinion dated 28 May 2019 on the audited Reporting package for the year ended 31 March 2019.

    Our opinion on the Reporting Package is not modified in respect of this matter."

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

    (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, associate companies and joint ventures incorporated in India, none of the directors of the Group companies, its associate companies and joint ventures incorporated in India is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.

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

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

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

        ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts as at March 31, 2020– Refer (a) Note 49.3 to the consolidated financial statements in respect of such items as it relates to the Group, its associates and joint ventures and (b) Note 52 for the Group's share of net profit/loss in respect of its associates.

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

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

25. The Group, its associates and joint ventures has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

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

Russell I. Parera
Partner
Membership Number: 42190
UDIN:20042190AAAABU5152

Place: Mumbai
Date: June 25, 2020

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 24(f) of the Independent Auditors' Report of even date to the members of IDFC Limited on the consolidated financial statements for the year ended March 31, 2020

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

1. In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2020, we have audited the internal financial controls with reference to consolidated financial statements of IDFC Limited (hereinafter referred to as "the Holding Company")and its subsidiary companies, its associate companies and joint ventures, which are companies incorporated in India, as of that date. Reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls with reference to financial statements is not applicable to three subsidiaries and one joint venture company incorporated in India namely IDFC IEH Conservative Fund, IDFC IEH Tactical Fund, India Multi Avenues Fund Limited and India PPP Capacity Building Trust, pursuant to MCA notification GSR 583(E) dated June 13, 2017 as these are the entities other than Companies.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls with reference to consolidated financial statements

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

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

7. Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the

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

Opinion

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

Other Matters

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

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

Russell I. Parera
Partner
Membership Number: 42190
UDIN:20042190AAAABU5152

Place: Mumbai
Date: June 25, 2020

BALANCE SHEET

AS AT MARCH 31, 2020

(Rs. in crore)

	Notes	As at March 31, 2020	As at March 31, 2019
ASSETS			
Financial assets			
Cash and cash equivalents	3	677.90	150.09
Bank balances other than cash and cash equivalents	4	46.10	113.93
Derivative financial instruments	14	4.29	1.66
Receivables			
(i) Trade receivables	5A	17.95	13.64
(ii) Other receivables	5B	0.50	2.94
Investments	6		
- Accounted for using equity method		6,259.84	7,628.00
- Others		421.00	1,045.27
Other financial assets	7	17.72	63.05
Non-financial assets			
Income tax assets (net)	8	51.54	81.69
Deferred tax assets (net)	9	0.66	-
Property, plant and equipment	10	86.01	102.63
Right of Use Asset	16	45.64	-
Goodwill	11a	779.17	779.17
Other intangible assets	11	7.50	3.07
Other non-financial assets	12	34.62	66.33
Contract asset	13	-	59.28
Assets directly associated with disposal group classified as held for sale	36	118.62	447.12
Total assets		8,569.06	10,557.87
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Derivative financial instruments	14	0.42	0.08
Payables			
(I) Trade payables	15A		
(i) total outstanding dues of micro enterprises and small enterprises		0.25	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		13.49	20.97
(II) Other payables	15B		
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		0.03	3.63
Lease liabilities	16	47.34	-
Other financial liabilities	17	60.93	61.75
Non-financial Liabilities			
Income tax liabilities (net)	18	11.68	18.35
Provisions	19	26.01	14.44
Deferred tax liabilities (net)	20	5.78	13.12
Other non-financial liabilities	21	37.86	24.59
Liabilities directly associated with disposal group classified as held for sale	36	44.58	16.13
EQUITY			
Equity share capital	22	1,596.36	1,596.36
Other equity	23	6,724.33	8,788.45
Equity attributable to owners of IDFC Limited		8,320.69	10,384.81
Total liabilities and equity		8,569.06	10,557.87

See accompanying notes to the consolidated financial statements

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

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

Russell I. Parera
Partner
Membership Number : 42190

Mumbai, June 25, 2020

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

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

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

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

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

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2020

(Rs. in crore)

	Notes	Year ended March 31, 2020	Year ended March 31, 2019
REVENUE FROM OPERATIONS			
Interest income	24	20.14	14.73
Net gain on fair value changes	25	12.68	31.32
Fees income		306.16	309.09
Dividend income	26	1.74	0.33
Total revenue from operations		340.72	355.47
Other income	27	32.13	162.67
Total income		372.85	518.14
EXPENSES			
Finance costs	28	2.58	5.51
Impairment on financial instruments	29	11.22	37.55
Employee benefits expenses	30	118.94	139.06
Depreciation, amortisation and impairment	31	31.57	13.93
Other expenses	32	120.20	177.15
Total expenses		284.51	373.20
Profit/(Loss) before share of net profits of investments accounted for using equity method and tax		88.34	144.94
Share of net profit/(loss) of associates and joint ventures accounted for using equity method		(1,004.45)	(845.97)
Profit/(Loss) before tax from continuing operations		(916.11)	(701.03)
INCOME TAX EXPENSE:			
- Current tax		67.47	73.42
- Deferred tax		(7.22)	(192.49)
- Tax adjustment for prior years		0.14	(29.39)
Total tax expense		60.39	(148.46)
Profit/(Loss) from continuing operations		(976.50)	(552.57)
DISCONTINUED OPERATIONS			
Profit/(loss) from discontinued operations		(19.18)	(234.28)
Income tax expense of discontinued operations		0.45	35.19
Net profit/(loss) from discontinued operation		(19.63)	(269.47)
Profit/(loss) for the year		(996.13)	(822.04)
Other comprehensive income ('OCI')			
Items that will be reclassified to profit or loss			
- Share of OCI of associates and joint ventures accounted for using equity method		(378.87)	35.68
- Income tax relating to these items		-	(7.23)
Items that will not be reclassified to profit or loss			
- Remeasurements of post-employment benefit obligations		(0.85)	(3.55)
- OCI arising from discontinued operation		1.12	(2.27)
- Share of OCI of associates and joint ventures accounted for using equity method		(56.47)	(78.51)
- Income tax relating to these items		0.20	17.04
Other comprehensive income (net of tax)		(434.87)	(38.84)
Total comprehensive income		(1,431.00)	(860.88)

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2020

(Rs. in crore)

	Notes	Year ended March 31, 2020	Year ended March 31, 2019
Net Profit/(Loss) is attributable to:			
- Owners		(994.90)	(839.18)
- Non-controlling interests		(1.23)	17.14
Other comprehensive income is attributable to:			
- Owners		(434.87)	(38.80)
- Non-controlling interests		-	(0.04)
Total comprehensive income is attributable to:			
- Owners		(1,429.77)	(877.98)
- Non-controlling interests		(1.23)	17.10
Total comprehensive income attributable to owners:			
- Continuing operations		(1,412.50)	(589.14)
- Discontinued operations		(18.50)	(271.74)
Earnings per equity share (for continuing operations):			
- Basic (Rs.)		(6.12)	(3.46)
- Diluted (Rs.)		(6.12)	(3.46)
Earnings per equity share (for discontinued operations):			
- Basic (Rs.)		(0.12)	(1.69)
- Diluted (Rs.)		(0.12)	(1.69)
Earnings per equity share (for continuing and discontinued operations):			
- Basic (Rs.)		(6.24)	(5.15)
- Diluted (Rs.)		(6.24)	(5.15)

See accompanying notes to the consolidated financial statements

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

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

Russell I. Parera
Partner
Membership Number : 42190

Mumbai, June 25, 2020

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

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

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

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

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2020

A. Equity share capital (Rs. in crore)

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

B. Other equity (Rs. in crore)

	Reserves and surplus						Other comprehensive income		
	Securities premium	Special reserve u/s. 36(1) (viii) of the Income-tax Act, 1961	Special reserve u/s. 45-IC of the RBI Act, 1934	General reserve	Surplus in the statement of profit and loss	Share options out-standing account	Foreign currency translation reserve	Equity instru-ments through OCI	Total other equity
As at March 31, 2018	2,523.46	3,053.25	1,077.46	314.53	2,691.82	13.51	0.66	4.91	9,835.88
Profit for the year	-	-	-	-	(839.18)	-	-	-	(821.33)
Other comprehensive income	-	-	-	-	(37.87)	-	-	(0.94)	(38.84)
Total comprehensive income for the year	-	-	-	-	(877.05)	-	-	(0.94)	(860.17)
Transactions with owners in their capacity as owners:									
- Share based payments:									
i) Employee stock option expense for the year	-	-	-	-	-	13.78	-	-	13.78
ii) Options exercised during the year	0.01	-	-	-	-	(0.62)	-	-	(0.61)
iii) Options lapsed during the year	-	-	-	-	2.74	(2.74)	-	-	-
iv) Options cancelled during the year	-	-	-	-	-	(1.32)	-	-	(1.32)
- Dividends paid	-	-	-	-	(119.73)	-	-	-	(119.73)
- Dividend distribution tax	-	-	-	-	(10.97)	-	-	-	(10.97)
- Adjustment on sale of subsidiary [refer note 36 (a)]	-	-	(32.53)	-	32.53	-	-	-	(151.15)
- Consolidation of subsidiary	-	-	-	-	-	-	-	-	5.57
- Share of reserves of associates accounted using equity method of accounting net of deferred tax	-	-	-	-	78.57	-	-	-	78.57
- Exchange differences on translation of foreign operations	-	-	-	-	-	-	27.11	-	27.11
- Transfers to:									
i) Special reserve u/s. 45-IC of the RBI Act, 1934	-	-	73.04	-	(73.04)	-	-	-	-
As at March 31, 2019	2,523.47	3,053.25	1,117.97	314.55	1,724.86	22.61	27.77	3.97	8,788.45
Change in accounting policy (refer note 56)	-	-	-	-	(2.21)	-	-	-	(2.21)
Restated balance at April 1, 2019	2,523.47	3,053.25	1,117.97	314.55	1,722.65	22.61	27.77	3.97	8,786.24
Profit for the year	-	-	-	-	(994.90)	-	-	-	(994.90)
Other comprehensive income	-	-	-	-	(434.87)	-	-	-	(434.87)
Total comprehensive income for the year	-	-	-	-	(1,429.77)	-	-	-	(1,429.77)
Transactions with owners in their capacity as owners:									
- Share based payments:									
i) Employee stock option expense for the year	-	-	-	-	-	1.10	-	-	1.10
ii) Options exercised during the year	-	-	-	-	-	-	-	-	-
iii) Options lapsed during the year	-	-	-	-	0.98	(4.62)	-	-	(3.64)
iv) Options cancelled during the year	-	-	-	-	-	-	-	-	-
- Dividends paid	-	-	-	-	(502.85)	-	-	-	(502.85)
- Dividend distribution tax	-	-	-	-	(128.12)	-	-	-	(128.12)
- Others	-	-	-	-	(13.31)	-	-	-	(13.31)
- Share of reserves of associates accounted using equity method of accounting net of deferred tax	-	-	-	-	24.37	-	-	-	24.37
- Exchange differences on translation of foreign operations	-	-	-	-	-	-	(9.69)	-	(9.69)
- Transfers to:									
i) Special reserve u/s. 45-IC of the RBI Act, 1934	-	-	39.37	-	(39.37)	-	-	-	-
As at March 31, 2020	2,523.47	3,053.25	1,157.34	314.55	(365.42)	19.09	18.08	3.97	6,724.33

Total equity (primarily surplus in statement of profit and loss) includes Rs. 42.16 crores (March 31, 2019: Rs. 50.18 crores) pertaining to IDFC Foundation held for specified purposes.

See accompanying notes to the consolidated financial statements

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

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

Russell I. Parera
Partner
Membership Number : 42190

Mumbai, June 25, 2020

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

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

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

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

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

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED MARCH 31, 2020

(Rs. in crore)

	Notes	Year ended March 31, 2020	Year ended March 31, 2019
CASH FLOW FROM OPERATING ACTIVITIES :			
Profit/(Loss) before tax from:			
- Continuing operations		(916.11)	(701.03)
- Discontinued operations		(19.18)	(234.28)
- Other Comprehensive Income		(434.87)	(38.84)
Profit/(Loss) before tax including discontinued operations		(1,370.16)	(974.15)
Adjustments :			
Depreciation, amortisation and impairment	31	31.57	13.93
Net (gain) / loss on sale of property, plant and equipments	27	(0.02)	0.02
Impairment of financial instruments	29	11.22	37.55
Employee share based payment expense	30	5.94	19.20
Net (gain) / loss on sale of investments including fair valuation	25	(12.68)	(31.32)
Dividend income	26	(1.74)	(0.33)
Goodwill Impairment	11	-	367.22
Interest expense	28	2.58	5.51
Interest income	24	(20.14)	(14.73)
Operating profit before working capital changes		(1,353.43)	(577.10)
Adjustments for (increase)/ decrease in operating assets:			
Trade receivables	5	(1.87)	10.09
Loans	6	-	4,190.31
Other financial assets	7	31.49	(25.75)
Other non financial assets	12	90.99	31.20
Adjustments for increase/ (decrease) in operating liabilities			
Trade payables	15	(10.83)	(103.63)
Other financial liabilities	17	10.34	(16.58)
Other non financial liabilities	21	72.18	(9.13)
Cash generated from operations		192.30	4,076.51
Less : Income taxes paid (net of refunds)		(44.93)	(81.00)
Net cash inflow / (outflow) from operating activities		(1,206.06)	3,418.41
CASH FLOW FROM INVESTING ACTIVITIES :			
Assets directly associated with disposal group classified as held for sale	36	356.95	(447.12)
(Increase)/ decrease in investments		2,005.90	584.93
(Increase)/ decrease property, plant and equipments	10	(19.38)	4.76
Right of use Assets	16	(45.64)	-
Dividends received	26	1.74	0.33
Interest Received		18.93	35.63
Investments / Maturity in Bank Fixed Deposit		67.84	(24.89)
Net cash inflow / (outflow) from investing activities		2,386.34	153.64

STATEMENT OF CASH FLOW

(Rs. in crore)

	Notes	Year ended March 31, 2020	Year ended March 31, 2019
CASH FLOW FROM FINANCING ACTIVITIES :			
Issue of equity share capital	22	-	ß
Dividend paid (including dividend distribution tax)	23a	(630.97)	(130.70)
Proceeds from fresh issue of debt securities (net of issue expenses)		-	809.11
Repayment from fresh issue of debt securities		-	(575.00)
Deconsolidation of Subsidiary due to loss of control		-	(3,777.71)
Interest paid	28	(2.58)	(5.51)
Increase / (decrease) in minority interest		(9.59)	(127.77)
Opening Adjustment		(9.33)	78.57
Net cash inflow / (outflow) from financing activities		(652.47)	(3,729.01)
NET INCREASE/(DECREASE) IN CASH AND BANK BALANCES		527.81	(156.96)
Add : Cash and cash equivalents at beginning of the year	3	150.09	307.05
Cash and cash equivalents at end of the year	3	677.90	150.09

*Purchase of investments include Rs. Nil (March 31, 2019: Rs. 5.50 crores) and proceeds from disposal / redemption of investments include Rs. Nil (March 31, 2019: Rs. 12.26 crores) held by IDFC Foundation, formed for conducting corporate social responsibility activities of the Group.

The accompanying notes are integral part of these financial statements.

This is the statement of cash flow referred to in our report of even date.
For Price Waterhouse & Co Chartered Accountants LLP
(Firm Registration Number : 304026E/E-300009)

Russell I. Parera
Partner
Membership Number : 42190

Mumbai, June 25, 2020

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

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

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

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

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

BACKGROUND

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

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

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

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

These consolidated financial statements were authorised for issue by the Board of Directors on June 25, 2020.

1. Significant accounting policies

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

a) Basis of preparation

(i) Compliance with Ind AS

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

(ii) Historical cost convention

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

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

(iii) Order of liquidity

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

b) Principles of consolidation and equity accounting

(i) Subsidiaries

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

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

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

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

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

(ii) Associates

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

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

(iii) Joint ventures

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

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

(iv) Equity method

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

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

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

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

(v) Changes in ownership interests

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

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

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

c) Segment reporting

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

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

d) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

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

(iii) Group companies

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

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

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

e) Financial instruments

Initial Recognition and Measurement

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

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

Financial assets

(i) Classification and subsequent measurement of financial assets:

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

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

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

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 reporting date. The measurement of ECL reflects:

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

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

Interest Income

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

The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance). The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts paid or received that are integral to the effective interest rate, such as origination fees, commitment fees, etc.

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

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

(iii) Modification of loans

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

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

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

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

(iv) De-recognition of financial assets

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

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

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

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

Financial liabilities and equity instruments

(i) Classification as debt or equity:

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

Equity instruments

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

(ii) Classification and subsequent measurement

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

(iii) De-recognition of financial liabilities

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

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

f) Derivative financial instruments

The Group holds derivative financial instruments to meet the investment objective of the fund or the product. Derivatives are initially recognised at fair value at the date the derivative contracts are entered and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately.

g) Offsetting financial instruments

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

h) Revenue recognition

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

- identify contracts with customers
- identify the separate performance obligation

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

(i) Brokerage fees income

a) Brokerage fees – over time

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

b) Brokerage fees – point in time

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

(ii) Interest Income

Interest income is recognised using effective interest rate method.

(iii) Dividend income

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

(iv) Fees, commission and other income

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

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

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

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

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

i) Income Tax

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

(i) Current tax

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

(ii) Deferred tax

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

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

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

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

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

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

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

j) Goods and service tax

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

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

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

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

k) Leases

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

For arrangements entered into prior to April 1, 2017, the Group has determined whether the arrangement contains lease on the basis of facts and circumstances existing on the date of transition.

Till March 31, 2019

Group as a lessee

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

With effect from April 1, 2019

Group as a lessee

From April 1, 2019, leases are recognised as a right-of-use asset and corresponding liability at the date at which the leased asset is available for use by the Group. Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group has is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Asset and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments (including in-substance fixed payments), less any lease incentives receivable.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If the rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group uses a indicative AAA equivalent borrowing rate.

Lease payment are allocated between principal and finance cost. The finance cost is charged to profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payment associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

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

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

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

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

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

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

m) Cash and cash equivalents

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

n) Property, plant and equipment

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

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

(i) Depreciation methods estimated useful lives and residual value

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

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

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

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

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

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

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

o) Intangible assets

(i) Goodwill

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

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

(ii) Computer Software

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

p) Impairment of non-financial asset

i) As per IND AS 36 investments are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. In assessing whether there is any impairment management considers indications through external and internal sources of information. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

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

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

q) Retirement and other employee benefits

(i) Defined contribution plan

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

(ii) Defined benefit plan

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

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

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

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

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

(iii) Compensated absences

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

r) Provisions

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

s) Borrowing costs

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

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

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

t) Share-based payments

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

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

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

For cash-settled share-based payments, the fair value of the amount payable to employees is recognised as 'employee benefit expenses' with a corresponding increase in liabilities, over the period of non-market vesting conditions getting fulfilled. The liability is remeasured at each reporting period up to, and including the settlement date, with changes in fair value recognised in employee benefits expenses. Refer Note 51 for details.

u) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the group
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

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

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

v) Contributed Equity

Equity shares are classified as equity.

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

w) Dividends

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

x) Rounding off

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

y) New and amended standards adopted

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

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

The Company had to change its accounting policies as a result of adopting IND AS 116. This is disclosed in note 56.

2. SIGNIFICANT ACCOUNTING JUDGMENTS ESTIMATES AND ASSUMPTIONS

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

Judgements

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

a) Business model assessment

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

b) Fair value of financial instruments

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

c) Effective Interest Rate (EIR) method

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

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

d) Consolidation decision

For details regarding consolidation of;

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

ii) Section 8 company, as a subsidiary, Refer note 52.

3. CASH AND CASH EQUIVALENTS

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Cash on hand	0.01	ß
Cheques on hand	-	-
Balances with banks:		
- In current accounts	74.14	11.99
- In saving accounts *	0.76	0.01
- In deposit accounts	602.99	138.09
Total	677.90	150.09

* Balances pertaining to IDFC Foundation held for specified purposes.

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

4. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Balances with banks:		
- In earmarked accounts		
Investor education awareness on behalf of IDFC mutual fund	-	3.60
Unclaimed dividend	1.48	2.13
- In deposit accounts*	44.53	108.12
Balance held as margin money	0.09	0.08
Total	46.10	113.93

* Includes Rs. 11.88 crores (March 31, 2019: Rs. 33.50 crores) pertaining to IDFC Foundation held for specified purposes.

5A. TRADE RECEIVABLES

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Receivables considered good - Secured	-	-
Receivables considered good - Unsecured	17.95	13.64
Receivables - Credit impaired	5.90	6.01
(less): Allowance for impairment loss	(5.90)	(6.01)
Total	17.95	13.64

5B. OTHER RECEIVABLES

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Receivables considered good - Unsecured	0.50	2.94
Receivables - Credit impaired	7.83	-
(less): Allowance for impairment loss	(7.83)	-
Total	0.50	2.94

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

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

6. INVESTMENTS

(Rs. in crore)

	At fair value through			Others*	Total
	Other comprehensive income	Profit and loss	Subtotal		
As at March 31, 2020					
Mutual fund units#	-	216.85	216.85	-	216.85
Venture capital fund units/ AIFs@	-	166.39	166.39	-	166.39
Equity instruments	0.05	37.70	37.75	-	37.75
Associates	-	-	-	6,154.91	6,154.91
Joint Ventures	-	-	-	107.80	107.80
Trustee units	-	0.01	0.01	-	0.01
Total (A) - Gross	0.05	420.95	421.00	6,262.71	6,683.71
(Less): Impairment loss allowance (see note ii)	-	-	-	(2.87)	(2.87)
Total (A) - Net	0.05	420.95	421.00	6,259.84	6,680.84
Investments outside India	-	-	-	-	-
Investments in India	0.05	420.95	421.00	6,262.71	6,683.71
Total (B) - Gross	0.05	420.95	421.00	6,262.71	6,683.71
(Less): Impairment loss allowance	-	-	-	(2.87)	(2.87)
Total (B) - Net	0.05	420.95	421.00	6,259.84	6,680.84
As at March 31, 2019					
Mutual fund units#	-	658.35	658.35	-	658.35
Venture capital fund units@	-	309.46	309.46	-	309.46
Alternative investment fund	-	0.93	0.93	-	0.93
Equity instruments	0.05	29.38	29.43	-	29.43
Debentures and bonds	-	47.09	47.09	-	47.09
Preference shares	-	-	-	-	-
Associates	-	-	-	7,520.01	7,520.01
Joint Ventures	-	-	-	107.99	107.99
Trustee Units	-	0.01	0.01	-	0.01
Total (A) - Gross	0.05	1,045.22	1,045.27	7,628.00	8,673.27
(Less): Impairment loss allowance	-	-	-	-	-
Total (A) - Net	0.05	1,045.22	1,045.27	7,628.00	8,673.27
Investments outside India	-	103.41	103.41	-	103.41
Investments in India	0.05	941.81	941.86	7,628.00	8,569.86
Total (B) - Gross	0.05	1,045.22	1,045.27	7,628.00	8,673.27
(Less): Impairment loss allowance	-	-	-	-	-
Total (B) - Net	0.05	1,045.22	1,045.27	7,628.00	8,673.27

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

Includes Rs. 11.90 crores (March 31, 2019: Rs. 10.92 crores) pertaining to IDFC Foundation held for specified purposes.

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

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

ii) Provision of Rs. 2.67 crore has been made on Novopay Solutions Private Limited (Associate of the Group). Performance of Novopay has lead to substantial erosion of its net worth. Accordingly investment has been completley impaired in current year.

iii) More information regarding the valuation methodologies are disclosed in Note 48.

7. OTHER FINANCIAL ASSETS

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Interest accrued on deposits / other advances	1.21	3.32
Contingent consideration receivable [refer note 36 (a)(iii)]	-	36.52
Security deposits	16.62	19.40
Other receivables	1.88	4.86
Other deposits	-	0.95
Total (A) - Gross	19.71	65.05
(Less): Impairment loss allowance	(1.99)	(2.00)
Total (B) - Net	17.72	63.05

8. INCOME TAX ASSETS

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Advance payment of fringe benefit tax (net of provision)	0.01	0.01
Advance payment of Income tax (net of provision)	51.53	81.68
Total	51.54	81.69

9. DEFERRED TAX ASSETS

The balance comprises temporary differences attributable to:

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Lease Liability	9.70	-
Security Deposit	0.12	-
Property, plant and equipments	(9.16)	-
Total	0.66	-

10. PROPERTY, PLANT AND EQUIPMENT

(Rs. in crore)

	Buildings	Leasehold improve-ments	Furniture and fixtures	Vehicles	Office Equipments	Computers	Wind mills	Total
Year ended March 31, 2019								
Opening gross carrying amount	42.79	9.36	1.94	7.14	2.41	9.30	59.96	132.94
Additions	-	0.29	0.24	0.80	0.67	1.95	-	3.95
Assets included in a disposal group classified as held for sale	-	(3.25)	(0.32)	(3.50)	(0.56)	(2.03)	-	(9.70)
Translation exchange difference	-	0.06	0.03	-	0.01	0.04	-	0.14
Disposals	-	-	(0.24)	(2.82)	(0.35)	(0.59)	-	(4.00)
Closing gross carrying amount	42.79	6.46	1.65	1.62	2.18	8.67	59.96	123.33
Accumulated depreciation								
Opening accumulated depreciation	0.82	1.19	0.31	2.50	0.75	2.35	4.60	12.52
Depreciation charge during the year	0.82	1.47	0.31	1.02	0.69	2.02	4.60	10.93
Assets included in a disposal group classified as held for sale	-	(0.17)	(0.01)	(1.39)	(0.11)	(0.50)		(2.18)
Impairment loss	1.25	-	-	-	-	-	-	1.25
Translation exchange difference	-	0.06	0.02	-	0.02	0.04	-	0.14
Disposals	-	-	(0.11)	(1.31)	(0.21)	(0.33)	-	(1.96)
Closing accumulated depreciation	2.89	2.55	0.52	0.82	1.14	3.58	9.20	20.70
Net carrying amount as at March 31, 2019	39.90	3.91	1.13	0.80	1.04	5.09	50.76	102.63
Year ended March 31,2020								
Gross carrying amount								
Opening gross carrying amount	42.79	6.46	1.65	1.62	2.18	8.67	59.96	123.33
Additions	-	1.35	0.12	0.81	0.51	4.47	-	7.26
Disposals	-	-		(0.21)	(0.02)	(0.15)	-	(0.38)
Closing gross carrying amount	42.79	7.81	1.77	2.22	2.67	12.99	59.96	130.21
Accumulated depreciation								
Opening accumulated depreciation	2.89	2.55	0.52	0.82	1.14	3.58	9.20	20.70
Depreciation charge during the year	0.82	2.45	0.18	0.46	0.62	2.85	4.62	12.00
Impairment loss	3.37	0.27	-	-	-	-	8.14	11.78
Disposals	-	-	-	(0.14)	(0.02)	(0.12)	-	(0.28)
Closing accumulated depreciation	7.08	5.27	0.70	1.14	1.74	6.31	21.96	44.20
Net carrying amount as at March 31, 2020	35.71	2.54	1.07	1.08	0.93	6.68	38.00	86.01

11. INTANGIBLE ASSETS

(Rs. in crore)

	Computer software	Total
Year ended March 31, 2019		
Opening gross carrying amount	5.02	5.02
Additions	1.95	1.95
Assets included in a disposal group classified as held for sale	(0.90)	(0.90)
Disposals and transfers	(0.05)	(0.05)
Closing gross carrying amount	6.02	6.02
Accumulated amortisation		
Opening accumulated amortisation	1.49	1.49
Amortisation during the year	1.74	1.74
Assets included in a disposal group classified as held for sale	(0.25)	(0.25)
Disposals and transfers	(0.03)	(0.03)
Closing accumulated amortisation	2.95	2.95
Net carrying amount as at March 31, 2019	3.07	3.07
Year ended March 31,2020		
Gross carrying amount		
Opening gross carrying amount	6.02	6.02
Additions	7.10	7.10
Disposals and transfers	-	-
Closing gross carrying amount	13.12	13.12
Accumulated amortisation		
Opening accumulated amortisation	2.95	2.95
Amortisation during the year	2.67	2.67
Disposals and transfers	-	-
Closing accumulated amortisation	5.62	5.62
Net carrying amount as at March 31, 2020	7.50	7.50

a) Impairment tests for goodwill on consolidation

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

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
CGU's of IDFC Asset Management Company Limited [Refer note (i) below]	779.17	779.17
Total	779.17	779.17

i) IDFC Asset Management Company Limited

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

The carrying amount does not exceed the recoverable amount of the cash generating units. Accordingly, there were no impairment recorded for the year ended March 31, 2020 and March 31, 2019. An analysis of the sensitivity of the computation to a change in key parameters (operating results, discount rates and growth rates), based on reasonably probable assumptions, did not identify any probable scenario in which the recoverable amount of the CGU would decrease below its carrying amount.

12. OTHER NON-FINANCIAL ASSETS

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Prepaid expenses	9.14	9.08
Supplier advances	2.47	5.38
Balances with government authorities - cenvat credit available	14.72	17.71
Receivable from gratuity trust	0.99	-
Other advances	9.60	37.61
Advances to Employees	0.14	-
Less: Allowance for impairment loss	(2.44)	(3.45)
Total	34.62	66.33

13. CONTRACT ASSETS

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Contract assets	-	59.28
Less: Allowance for impairment loss	-	-
Total	-	59.28

Significant change in contract assets

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

The contract assets receivable as at March 31, 2019 have been realised during the year.

14. DERIVATIVE FINANCIAL INSTRUMENTS

The Group enters into derivatives as per its funds investment strategies i.e long / short investment approaches. Derivative instruments are held for generating returns as per funds investment strategy purposes and not limited to risk management purpose.

Details of the derivative instrument in which the funds invests includes Equity and Index Futures and Options. The details of the derivative instrument is given below:

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Fair value assets		
- Equity options (at fair value)	4.29	1.66
	4.29	1.66
Fair value liabilities		
- Equity futures (at fair value)	0.42	0.08
Total	0.42	0.08

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

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

15A. TRADE PAYABLES

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
- Total outstanding dues of micro enterprises and small enterprises	0.25	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	13.49	20.97
Total	13.74	20.97

15B. OTHER PAYABLES

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
- Total outstanding dues of micro enterprises and small enterprises	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	0.03	3.63
Total	0.03	3.63

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

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Outstanding principal amount and interest due to suppliers registered under MSMED Act and remaining unpaid at the year end:		
- Principal amount	0.25	-
- Interest due thereon	-	-
Interest paid other than under section 16 of MSMED Act, to suppliers registered under MSMED Act, beyond the appointed day during the period.	-	-
Interest paid under section 16 of MSMED Act, to suppliers registered under MSMED Act, beyond the appointed day during the period.	-	-
Amount of interest due and payable (where the principal has already been paid but interest has not been paid).	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
The amount of further interest remaining due and payable even in succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of MSMED Act.	-	-

16. LEASES

The Group leases various offices. Rental contracts are typically made for fixed periods of 11 months to 9 years, but may have extension options as described in (iii) below.

(i) Amount recognised in balance sheet

The balance sheet shows the following amounts relating to leases:

(Rs. in crore)

	As at March 31, 2020	As at April 1, 2019*
Right-of-use assets		
Buildings	45.64	-
Total	45.64	-

	As at March 31, 2020	As at April 1, 2019*
Lease Liabilities		
Current	9.51	-
Non-current	37.83	-
Total	47.34	-

*For adjustments recognised on adoption of Ind AS 116 on April 1, 2019, please refer note 56.

Addition to the right-of-use assets during the current financial year is Rs. 25.73 crores.

(ii) Amount recognised in the statement of profit and loss

The statement of profit and loss account shows the following amounts relating to leases:

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Depreciation charge of right-of-use assets		
Buildings	6.49	-
Total	6.49	-

	As at March 31, 2020	As at March 31, 2019
Interest expense	2.41	-
Expense relating to short-term leases	7.16	-
Other income - interest on unwinding of deposit	(0.22)	-
Total	9.35	-

The total cash outflow for leases for the year ended March 31, 2020 was Rs. 6.39 crores.

(iii) Extension and termination options

Extension and termination options are included in a number of property and equipment leases of the Company. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

17. OTHER FINANCIAL LIABILITIES

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Unclaimed dividend	1.48	2.13
Security deposits	1.69	1.44
Amount payable to Minority shareholder	17.69	28.51
Employee benefit payable	36.50	29.67
Other payables	3.57	-
Total	60.93	61.75

18. INCOME TAX LIABILITIES

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Provision for income tax (net of advance tax)	11.64	18.31
Provision for fringe benefit tax (net of advance tax)	0.04	0.04
Total	11.68	18.35

19. PROVISIONS

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Provision for gratuity [Refer note 35(b)]	3.26	4.79
Loan commitment	22.63	9.65
Other Funds	0.12	-
Total	26.01	14.44

20. DEFERRED TAX LIABILITIES

The balance comprises temporary differences attributable to:

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Property, plant and equipments	8.15	7.00
Financial assets at fair value through profit or loss	(1.01)	0.17
Fair valuation of security deposits	-	6.89
Cash settled share based payments	(1.36)	(1.30)
Investment in associates	-	0.36
Total deferred tax liabilities	5.78	13.12

21. OTHER NON-FINANCIAL LIABILITIES

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Income and other amounts received in advance	0.07	0.21
Liabilities for restricted grants*	7.02	3.44
Cash settled share based payments	5.40	4.47
Statutory dues	15.32	16.47
Other Payables	10.05	-
Total	37.86	24.59

* Liabilities for restricted grants includes Rs. 7.02 crores (March 31, 2019: Rs. 3.44 crores) pertaining to IDFC Foundation held for specified purposes.

22. EQUITY SHARE CAPITAL

(Rs. in crore)

	As at March 31, 2020		As at March 31, 2019	
	Number	Rs.	Number	Rs.
Authorised shares				
Equity shares of Rs. 10 each	4,000,000,000	4,000.00	4,000,000,000	4,000.00
Preference shares of Rs. 10 each	100,000,000	1,000.00	100,000,000	1,000.00
Issued, subscribed & fully paid-up shares				
Equity shares of Rs. 10 each	1,596,358,316	1,596.36	1,596,358,316	1,596.36
Total	1,596,358,316	1,596.36	1,596,358,316	1,596.36

a) Movements in equity share capital

(Rs. in crore)

	As at March 31, 2020		As at March 31, 2019	
	Number	Rs.	Number	Rs.
Outstanding at the beginning of the year	1,596,358,316	1,596.36	1,596,354,566	1,596.35
Shares issued during the year	-	-	3,750	0.01
Outstanding at the end of the year	1,596,358,316	1,596.36	1,596,358,316	1,596.36

b) Terms and rights attached to equity shares

The Group has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share.

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

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

c) Shares reserved for issue under options

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

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

Equity shareholders	As at March 31, 2020		As at March 31, 2019	
	Number	% holding	Number	% holding
President of India	261,400,000	16.37	261,400,000	16.37
Sipadan Investments (Mauritius) Limited	151,145,989	9.47	151,145,989	9.47

23A. RESERVES AND SURPLUS

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Surplus in the statement of profit and loss	(365.42)	1,724.86
Securities premium	2,523.47	2,523.47
General reserve	314.55	314.55
Special reserve u/s. 36(1)(viii) of the Income-tax Act, 1961	3,053.25	3,053.25
Share options outstanding account	19.09	22.61
FVOCI - equity investments	3.97	3.97
Foreign currency translation reserve	18.08	27.77
Statutory reserves	1,157.34	1,117.97
Total	6,724.33	8,788.45

a) Surplus in the statement of profit and loss (Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Opening balance	1,724.86	2,691.81
Change in accounting policy (refer note 56)	(2.21)	-
Restated balance at April 1, 2019	1,722.65	2,691.81
Net profit for the period	(994.90)	(839.18)
Other comprehensive income	(434.87)	(37.87)
Share based payments		
- Options lapsed during the year	0.98	2.74
- Dividends paid	(502.85)	(119.73)
- Dividend distribution tax	(128.12)	(10.97)
- Adjustment on sale of subsidiary	-	32.53
- Others	(13.31)	-
- Share of reserves of associates accounted using equity method of accounting net of deferred tax	24.37	78.57
Transfers to :		
- Special reserve u/s. 45-IC of the RBI Act,1934	(39.37)	(73.04)
Closing Balance	(365.42)	1,724.86

b) Securities premium (Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Opening balance	2,523.47	2,523.46
Changes during the year	-	0.01
Closing balance	2,523.47	2,523.47

c) General reserve (Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Opening balance	314.55	314.55
Appropriations during the year	-	-
Closing balance	314.55	314.55

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

	As at March 31, 2020	As at March 31, 2019
Opening balance	3,053.25	3,053.25
Appropriations during the year	-	-
Closing balance	3,053.25	3,053.25

e) Special reserves u/s 45-IC of RBI Act, 1934 (Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Opening balance	1,117.97	1,077.46
Appropriations during the year	39.37	40.51
Closing balance	1,157.34	1,117.97

f) Share options outstanding account (Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Opening balance	22.61	13.51
Employee stock option expense for the year	1.10	13.78
Options exercised during the year	-	(0.62)
Options lapsed during the year	-	(2.74)
Options cancelled during the year	(4.62)	(1.32)
Closing balance	19.09	22.61

23B. OTHER RESERVES

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
FVOCI - equity investments	3.97	3.97
Foreign currency translation reserve	18.08	27.77
Total	22.05	31.74

a) FVOCI - equity investments

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Opening balance	3.97	4.91
Change in fair value of FVOCI - equity investments	-	(0.94)
Closing balance	3.97	3.97

b) Foreign currency translation reserve

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Opening balance	27.77	0.66
Exchange differences on translation of foreign operations	(9.69)	27.11
Closing balance	18.08	27.77

23C. NATURE AND PURPOSE OF RESERVE

a) Securities premium

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

b) General reserve

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

c) FVOCI - equity investments

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

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

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

e) Share options outstanding account

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

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

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

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

g) Foreign currency translation reserve

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

24. INTEREST INCOME

(Rs. in crore)

	Year ended March 31, 2020	Year ended March 31, 2019
On financial assets measured at amortised costs:		
Interest on investments	2.91	8.21
Interest on deposits with banks	17.23	6.52
Total	20.14	14.73

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

(Rs. in crore)

	Year ended March 31, 2020	Year ended March 31, 2019
Net gain/(loss) on financial instruments at FVTPL		
On trading portfolio		
- Debt instrument at FVTPL	1.45	1.03
On financial instruments designated at FVTPL	11.23	30.29
Total (A)	12.68	31.32
Fair value changes:		
Realised	71.57	65.87
Unrealised	(58.89)	(34.55)
Total (B)	12.68	31.32

26. DIVIDEND INCOME

(Rs. in crore)

	Year ended March 31, 2020	Year ended March 31, 2019
Dividend income from financial instruments at FVTPL	1.74	0.33
Total	1.74	0.33

27. OTHER INCOME

(Rs. in crore)

	Year ended March 31, 2020	Year ended March 31, 2019
Interest on income tax refund	0.59	-
Other interest	0.22	0.04
Corpus donations	-	20.82
Other donations	-	ß
Rental income	3.68	3.68
Trusteeship Fees	0.50	-
Gain on transfer of business (Refer note 37)	-	116.37
Restricted grants	6.70	2.27
Sitting fees	0.03	0.02
Gain on sale of property, plant and equipment	0.02	0.10
Sale of power	10.72	10.57
Forex gain	6.72	-
Miscellaneous income	2.95	8.80
Total	32.13	162.67

28. FINANCE COST

(Rs. in crore)

	Year ended March 31, 2020	Year ended March 31, 2019
On financial liabilities measured at amortised cost:		
- Interest on debt securities	-	-
Other borrowing costs	2.58	5.51
Total	2.58	5.51

29. IMPAIRMENT ON FINANCIAL INSTRUMENTS

(Rs. in crore)

	Year ended March 31, 2020	Year ended March 31, 2019
On Financial instruments measured at Amortised Cost:		
Loan commitment	-	8.95
Security deposit	-	(0.03)
Provision against non-performing loans and advances	-	2.74
Provision on doubtful debts	7.53	-
Impairment on loans/ investments	3.69	25.89
Total	11.22	37.55

30. EMPLOYEE BENEFIT EXPENSE

(Rs. in crore)

	Year ended March 31, 2020	Year ended March 31, 2019
Salaries, wages and bonus	103.66	110.11
Contribution to provident and other funds [Refer note 35(a)]	4.36	4.79
Gratuity expense [Refer note 35(b)]	2.57	1.63
Employee share based payment expense [Refer note 51(d])	5.94	19.20
Staff welfare expense	2.41	3.33
Total	118.94	139.06

31. DEPRECIATION, AMORTISATION AND IMPAIRMENT

(Rs. in crore)

	Year ended March 31, 2020	Year ended March 31, 2019
Depreciation and impairment of property, plant and equipment	22.41	12.18
Amortisation of intangible assets	2.67	1.75
Depreciation on Right to Use Asset	6.49	-
Total	31.57	13.93

32. OTHER EXPENSES

(Rs. in crore)

	Year ended March 31, 2020	Year ended March 31, 2019
Rent	8.41	16.41
Rates and taxes	5.37	3.61
Electricity	1.54	1.59
Repairs and maintenance		
- Equipments	3.78	3.52
- Others	6.43	6.67
Insurance charges	0.38	0.91
Travelling and conveyance	4.47	7.17
Printing and stationery	1.62	2.28
Communication costs	2.49	3.53
Advertising and publicity	14.22	13.85
Professional fees	20.16	21.98
Directors' sitting fees	0.68	0.87
Commission to directors	0.40	1.20
Bad debts written off	0.36	0.04
Loss on disposal of property, plant and equipment (net)	-	0.11
Other operating expenses	20.61	40.83
Contribution for corporate social responsibility (CSR) [Refer note (b) below]	3.93	0.10
Auditors' remuneration [refer note (a) below]	1.65	1.17
Shared service costs recovered	1.67	8.76
Grants to implementing partners	2.46	4.82
Financial inclusion and skill development	-	9.67
Fee for research fellows	-	1.81
Donations	-	0.05
Bank charges	0.02	0.03
Distribution fees	-	9.28
Miscellaneous expenses	19.55	16.89
Total	120.20	177.15

a) Breakup of Auditors' remuneration (Rs. in crore)

	Year ended March 31, 2020	Year ended March 31, 2019
Audit fees	1.06	0.71
Tax audit fees	0.08	0.04
Other Services	0.46	0.12
Out-of-pocket expenses	0.05	0.30
Total	1.65	1.17

b) Contribution for corporate social responsibility (CSR)

Amount required to be spent by the Group on Corporate Social Responsibility (CSR) related activities during the period Rs. 3.42 crores (March 31, 2019: Rs. 0.10 crores). Amount spent towards CSR during the year and recognised as expense in the statement of profit and loss on CSR related activities is Rs. 3.93 crore (March 31, 2019 : Rs. 0.10 crore), which comprise of following:

	Year ended March 31, 2020	Year ended March 31, 2019
Amount spent during the year on:		
(i) Construction/acquisition of an asset	-	-
(ii) On purposes other than (i) above	3.93	0.10
Total	3.93	0.10

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

The Group has made excess contribution for CSR to Prime Minister Relief Fund due to the nationwide Covid-19 crisis. The Ministry of Corporate Affairs has clarified that Group's contribution to the PM Cares Fund over and above the minimum prescribed CSR spend can be offset against the CSR obligation of subsequent years.

33. INCOME TAX

a) The components of income tax expense for the years ended March 31, 2020 and March 31, 2019 are: (Rs. in crore)

	Year ended March 31, 2020	Year ended March 31, 2019
I. Tax expense recognised in statement of profit and loss		
Current tax		
Current tax on profit for the year	67.92	108.61
Adjustments for current tax of prior years	0.14	(29.39)
Total current tax expense	68.06	79.22
Deferred tax		
Decrease / (Increase) in deferred tax assets	(2.53)	15.31
(Decrease) / Increase in deferred tax liabilities	(4.69)	(207.80)
Total deferred tax expense/(benefit)	(7.22)	(192.49)
Total tax expense for the year	60.84	(113.27)
Income tax attributable to:		
- Profit from continuing operations	60.39	(148.46)
- Profit from discontinued operations	0.45	35.19
	60.84	(113.27)

b) Reconciliation of the total tax charge

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the years ended March 31, 2020 and March 31, 2019 is as follows:

(Rs. in crore)

	Year ended March 31, 2020	Year ended March 31, 2019
Profit from continuing operations before tax expense	(916.11)	(701.03)
Profit from discontinued operations before tax expense	(19.18)	(234.28)
Tax at India's statutory income tax rate of 25.17% (previous year 29.12%)	(235.41)	(272.36)
Tax effect of the amount which are not taxable in calculating taxable income	(0.36)	(30.54)
Effect for tax losses for which no deferred tax asset was recognised	253.13	12.51
Effect for tax profits for which no deferred tax liability was recognised	-	(6.84)
Effect of tax on income taxable under different tax rates	9.67	80.69
Changes in opening deferred tax asset/ liability due to changes in tax rates	(1.25)	-
Expenses not deductible for tax purposes	14.40	116.12
Adjustments for current tax of prior periods	0.14	(29.39)
Effect of reversal of opening deferred tax asset as utilization is not probable	(0.72)	5.99
Different statutory tax rates applied by the group entities	8.93	4.88
Tax impact on reversal of income	18.66	-
MAT credit utilisation	(8.59)	-
Other	2.24	5.68
Income tax expense at effective tax rate	60.84	(113.27)
Effective tax rate	(6.64%)	16.16%

c) Tax losses

(Rs. in crore)

	Year ended March 31, 2020	Year ended March 31, 2019
Unused tax losses for which no deferred tax asset has been recognised	309.68	391.28
Potential tax benefit at 25.17% (March 31, 2018: 29.12%)	77.95	113.94

d) Unrecognised temporary differences

(Rs. in crore)

	Year ended March 31, 2020	Year ended March 31, 2019
Temporary differences relating to investment in subsidiaries and joint ventures for which deferred tax liabilities have not been recognised		
- Undistributed earnings of subsidiary*	284.93	491.58
- Undistributed earnings of joint venture**	73.15	72.95
- Unrecognised differed tax liabilities relating to the above temporary differences	90.13	164.39

* Certain subsidiaries of the Group have undistributed earnings of Rs. 284.93 crores (March 31, 2019: Rs. 491.58 Crores) which, if paid out as dividends, would be subject to tax in the hands of the recipient. An assessable temporary difference exists, but no deferred tax liability has been recognised as the parent entity has ability to control the timing of distributions from these subsidiaries.

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

** The joint ventures of the Group have undistributed earnings of Rs. 73.15 crores (March 31, 2019: Rs. 72.95 Crores) which will be remitted to IDFC Foundation having joint control over these joint venture .The IDFC Foundation is a Section 8 Company registered for specified purpose with an intention to prohibit payment of dividends to its shareholders i.e. IDFC Limited and hence no differed tax liability is recognised as the Group will not receive any distribution out of these profits in the foreseeable future.

34. OPERATING LEASE COMMITMENTS – GROUP AS LESSEE

The Company has entered into cancellable as well as non-cancellable leasing arrangements for office premises at various locations in India generally for a period of 36 months. Rent includes gross rental expenses of Rs. 11.75 crores (March 31, 2019: Rs. 12.68 crores). The committed lease rentals in the future are:

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Not later than one year	0.64	11.75
Later than one year and not later than five years	-	1.97
Later than five years	-	-

From April 01, 2019, the Group has recognised right-of-use assets for these leases, see note 16 on leases and note 56 for change in accounting policy.

35. EMPLOYEE BENEFIT OBLIGATIONS

a) Defined contribution plans

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

(Rs. in crore)

	Year ended March 31, 2020	Year ended March 31, 2019
Provident fund	3.50	3.94
Pension fund	0.70	0.62
Superannuation fund	0.16	0.23

b) Defined benefit plans

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

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

i) Balance Sheet

(Rs. in crore)

	Present value of obligation	Fair value of plan assets	Net amount
As at March 31, 2019	16.56	11.77	4.79
Current service cost	2.43	-	2.43
Interest expense/(income)	1.12	0.68	0.44
Return on plan assets	-	0.23	(0.23)
Actuarial loss / (gain) arising from change in financial assumptions	2.18	0.00	2.18
Actuarial loss / (gain) arising from change in demographic assumptions	-	-	-
Actuarial loss / (gain) arising on account of experience changes	(1.13)	-	(1.13)
Actual return on plan assets less interest on plan assets	-	0.11	(0.11)
Employer contributions	-	4.94	(4.94)
Liabilities assumed / settled	(0.17)	-	(0.17)
Assets acquired / settled	-	-	-
Benefit payments	(1.34)	(1.34)	-
As at March 31, 2020	19.66	16.40	3.26

	As at March 31, 2020	As at March 31, 2019
Present value of plan liabilities	19.66	16.56
Fair value of plan assets	16.40	11.77
Plan liability net of plan assets	3.26	4.79

ii) Statement of Profit and Loss

(Rs. in crore)

	Year ended March 31, 2020	Year ended March 31, 2019
Employee Benefit Expenses:		
Current service cost	2.43	1.78
Interest cost	0.31	(0.05)
(Gains) / losses on settlement	(0.17)	-
Total	2.57	1.73
Finance cost	-	-
Net impact on the profit before tax	2.57	1.73
Remeasurement of the net defined benefit liability:		
Return on plan assets excluding amounts included in interest expense/income	(0.10)	(0.07)
Actuarial gains/(losses) arising from changes in demographic assumptions	-	ß
Actuarial gains/(losses) arising from changes in financial assumptions	2.18	(1.68)
Actuarial gains/(losses) arising from changes in experience	(1.13)	(1.86)
Actual return on plan assets less interest on plan assets	(0.12)	0.06
Income tax relating to above	(0.20)	1.09
Net impact on the other comprehensive income before tax	0.64	(2.46)

iii) Defined benefit plan assets

Category of assets (% allocation)	As at March 31, 2020	As at March 31, 2019
Insurer managed funds		
- Government securities	30.70%	28.49%
- Deposit and money market securities	2.68%	14.88%
- Debentures / bonds	64.75%	54.84%
- Equity shares	1.87%	1.79%
Total	100.00%	100.00%

iv) Actuarial assumptions

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

	As at March 31, 2020	As at March 31, 2019
Discount rate	5.50 to 6.85	6.70 to 7.90
Salary escalation rate*	9%	9%

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

v) Demographic assumptions

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

vi) Sensitivity

(Rs. in crore)

As at March 31, 2020	Change in assumption	Impact on defined benefit obligation	
		Increase	Decrease
Discount rate	0.50%	(0.35%)	0.39%
Salary escalation rate	0.50%	0.37%	(0.34%)

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

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

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

vii) Maturity

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

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
within 12 months	3.32	3.55
Between 2-5 years	3.26	4.14
Between 5-10 years	3.31	8.59
Beyond 10 years	22.04	24.78

The weighted average duration to the payment of these cash flows is 0.73 years to 10.58 years (previous year 1.09 years to 9.72 years).

36. DISCONTINUED OPERATION

a) IDFC Infrastructure Finance Limited

The Group had entered into a Share Purchase Agreement ("SPA") with National Infrastructure and Investment Fund II ('NIIF') on October 30, 2018, for sale of its entire investment in NIIF Infrastructure Finance Limited ("NIIFL") (Formerly known as IDFC Infrastructure Finance Limited). Pursuant to the said agreement, the sale is to be completed in two tranches. The Group had sold 278,000,000 shares (51.48%) in IIFL to NIIF on March 12, 2019 ("Tranche I") for a total consideration of Rs. 425.43 crores.

The remaining equity investment i.e. 162,000,000 shares (30%) of NIIFL ("Tranche II") had been considered as an investment in associate as the Group continued to exercise significant influence over it. Under the SPA, the sale of Tranche II shares were subject to certain terms, conditions, and regulatory approvals. The Group expected the sale of IIFL to be highly probable and classified it as held for sale as on March 31, 2019. Further, the fair value less cost to sale of the investment was higher than the carrying value as on March 31, 2019, hence no impairment loss had been considered for recognition.

During the current year, on March 30, 2020, the Company sold the remaining equity investment i.e. 162,000,000 shares (30%) of NIIFL ("Tranche II") to Assem Infrastructure Finance Limited (NBFC - IFC) of NIIF for a total consideration of Rs. 265.91 cr. The said sale transaction resulted into a gain of Rs. 65.91 crores. This is after reversing the contingent consideration of Rs. 36.52 crores during the current year and also after taking into account the cost to sell the said investments amounting to 3.80 crores.

With this transaction NIIFL has ceased to be an associate of the Group.

Financial information and cash flow for IIFL till February 28, 2019 post which company ceased to be a subsidiary.

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

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

ii) Details of the sale of subsidiary

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

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

iii) Significant estimate: Contingent consideration receivable

IDFC Financial Holding Company Limited ('IDFC FHCL') had entered into a share sale agreement with National Infrastructure and Investment Fund II ("NIIF") on October 30,2018. As per the agreement the shares were transferred to NIIF in two tranches on completion of certain conditions. Under Tranche I, the total sale consideration was Rs. 452.15 crores for sale of 51.48% stake of NIIF Infrastructure Finance Limited ("NIIFIFL"). The said consideration was partly paid in cash and the balance amounting Rs. 63.24 crores was contingent on receipt of tax exemption notification from CBDT under section 10(47) of the Income Tax Act, 1961.

A contractual right to receive cash when the contingency is resolved, met the definition of a financial asset and consequently, a contingent asset of Rs. 36.52 crores was recognised by the Company which represented the fair value of the said contingent consideration as on March 31, 2019 for the sale of 51.48% stake in NIIFIFL.

During the current year, the CBDT issued a notification dated October 21, 2019 notifying NIIFIFL under section 10(47) of the Income Tax Act, 1961 w.e.f. financial year 2019-20 (i.e., from the financial year starting April 1, 2019). Pursuant to the said CBDT notification notifying IIFL prospectively rather than retrospectively, IDFC FHCL in the current year has derecognised the contingent consideration asset of Rs. 36.52 crores.

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

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

b) IDFC Securities Limited

On July 25, 2019, the Board of Directors of IDFC FHCL decided to terminate the Share Purchase Agreement ("SPA") signed with TCG Advisory Services Private Limited ("TCG") for the sale of its entire investment in IDFC Securities Limited ("ISL"), as IDFC FHCL & TCG could not reach a mutually agreeable terms and conditions.

Subsequently on November 7, 2019 IDFC FHCL entered into a SPA with Mr. Dharmesh Mehta & other strategic investors ("DM") for sale of entire investment in ISL. As per the said agreement, the entire stake in the equity shares of ISL would be sold to DM for a total consideration of Rs. 86.00 crores as against the carrying value of ISL in the books of the Company amounting to Rs. 162.00 crores. Under the SPA, the sale is subject to certain terms, conditions and regulatory approvals and the Company considers it highly probable that the said sale will be completed in next 12 months. Accordingly, the investment in ISL is classified as held for sale as on March 31, 2020.

Further, as the fair value less cost to sell this investment is lower than the carrying value as at March 31, 2020 ; an impairment loss of Rs. 76.00 crores has been recognised in the statement of profit and loss and the said investment in ISL is carried at the Net realisable value of Rs. 86.00 crores as at March 31, 2020.

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

	Year ended March 31, 2020	Year ended March 31, 2019
Revenue	42.77	54.90
Expenses	(50.35)	(56.36)
Impairment loss	(11.60)	(343.38)
Profit/ (Loss) before tax	(19.18)	(344.84)
Tax expense (net)	0.44	5.03
Profit/ (Loss) after tax	(19.63)	(349.87)
Other comprehensive income	1.12	(2.13)
Total comprehensive income/ (loss) from discontinued operation attributable to owner	(18.51)	(352.00)
Net cash inflow from operating activities	(41.51)	1.83
Net cash inflow (outflow) from investing activities	82.86	(25.20)
Net cash (outflow) from financing activities	(57.40)	(25.79)
Net increase in cash generated from discontinued operation	(16.05)	(49.16)

ii) The carrying amounts of assets and liabilities as at March 31, 2020 are as follows: (In Rs. crore)

	As at March 31, 2020	As at March 31, 2019
Cash and cash equivalents	9.99	10.02
Bank balances other than cash and cash equivalents	25.35	58.10
Receivables	5.07	4.67
Loans	0.04	0.02
Investments	-	50.90
Other financial assets	43.89	5.02
Income tax assets	11.88	16.23
Deferred tax assets	2.20	1.91
Property, plant and equipment	5.98	6.55
Goodwill	12.24	23.84
Intangible assets	14.43	0.36
Other non-financial assets	3.49	3.21
Total assets	134.56	180.83
Payables	42.67	1.59
Provisions	-	2.43
Income tax liabilities	0.02	0.35
Other non-financial liabilities	2.55	11.75
Total liabilities	45.24	16.12
Net assets	89.32	164.71

37. ASSET HELD FOR SALE DURING THE PREVIOUS YEAR

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

a) The investment management rights for the following funds:

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

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

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

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

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

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

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

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

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

38. SEGMENT INFORMATION

(In Rs. crore)

	Year ended 31-Mar-20	Year ended 31-Mar-19
Segment revenues		
- Financing	246.99	77.38
- Asset management	335.42	330.12
- Others	4.23	1.32
Total segment revenues	586.64	408.82
Add: Unallocated revenues	-	-
Less: Inter-segment adjustments	(245.92)	(53.35)
Total Revenues	340.72	355.47
Segment results		
- Financing	(18.89)	(43.08)
- Asset management	107.63	190.60
- Others	(0.40)	(2.58)
Total segment results	88.34	144.94
Add / (Less): Unallocated	-	-
Add: Share of profit from associates and joint ventures accounted under equity method	(1,004.45)	(845.97)
Profit before tax	(916.11)	(701.03)
Segment assets		
- Financing	705.67	793.06
- Asset management	1,389.98	1,345.02
- Others	42.77	263.66
Total segment assets	2,138.42	2,401.74
Unallocated		
- Banking	6,152.03	7,516.60
- Others	159.99	192.41
- Disposal group held for sale	118.62	447.12
Total assets	8,569.06	10,557.87
Segment liabilities		
- Financing	39.15	26.50
- Asset management	129.73	92.64
- Others	17.09	5.37
Total segment liabilities	185.97	124.51
Unallocated		
- Others	17.82	32.42
- Disposal group held for sale	44.58	16.13
Total liabilities	248.37	173.06

38. SEGMENT INFORMATION

(In Rs. crore)

	Year ended 31-Mar-20	Year ended 31-Mar-19
Capital employed		
- Financing	666.52	766.56
- Asset management	1,260.25	1,252.38
- Others	25.68	258.29
Total segment capital employed	1,952.45	2,277.23
Unallocated		
- Banking	6,152.03	7,516.60
- Others	142.17	159.99
- Disposal group held for sale	74.04	430.99
Total capital employed	8,320.69	10,384.81

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

ii) Segment composition :

- Financing includes investing activity
- Asset Management segment includes portfolio management, mutual fund and other alternative funds.

39. DIVIDEND PAID AND PROPOSED DURING THE YEAR

(Rs. in crore)

	Year ended March 31, 2020	Year ended March 31, 2019
A. Declared and paid during the year		
Dividends on ordinary shares:		
Dividend Paid in 2020: Nil per share (2019: 0.75 per share)	-	119.73
Interim dividend for 2020: 3.1 per share (2019: Nil per share)	502.85	-
Total dividends paid	502.85	119.73
B. Proposed for approval at Annual General Meeting (not recognised as a liability as at year end)		
Dividend on ordinary shares:		
Final dividend for 2020: Nil per share (2019: Nil per share)	-	-

40. EARNINGS PER SHARE

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

(Rs. in crore)

	Year ended March 31, 2020	Year ended March 31, 2019
Net profit after tax available for equity shareholders	(996.13)	(822.04)
Weighted average number of equity shares	1,596,358,316	1,596,357,061

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

(Rs. in crore)

	Year ended March 31, 2020	Year ended March 31, 2019
Basic earnings per share	(6.24)	(5.15)
Effect of outstanding stock options	-	-
Diluted earnings per share	(6.24)	(5.15)

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

	Year ended March 31, 2020	Year ended March 31, 2019
Weighted average number of shares for computation of Basic EPS	1,596,358,316	1,596,357,061
Dilutive effect of outstanding stock options	-	-
Weighted average number of shares for computation of Diluted EPS	1,596,358,316	1,596,357,061

41. CONTINGENT LIABILITIES

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Claims not acknowledged as debts in respect of:		
- Income-tax demands under appeal (net of provision)	10.50	4.98
- Other claims	1.50	1.50
Total	12.00	6.48

42. CAPITAL COMMITMENTS

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Uncalled liability on shares and other investments partly paid	85.85	64.27
Estimated amount of contracts remaining to be executed on capital account (net of advances)	3.76	6.47
Other commitments*	69.37	69.37
Total	158.98	140.11

*Jetpur Somnath Tollways Private Limited ("JSTPL") had executed the concession agreement with National Highway Authority of India ("NHAI") for construction, operation and maintenance of the 127 km section of NH 8D connecting Jetpur and Somnath in the state of Gujarat. Due to certain disputes, JSTPL along with its lenders had initiated arbitration proceeding against NHAI to make payment of 90% of the debt due under terms of the arrangement. Based on the interim order of Division Bench of Delhi High Court, NHAI has paid 90% of the total debt dues amounting to Rs. 348.60 crores. In such regard, JSTPL has provided a bank guarantee amounting to Rs. 348.60 crores for amount received from NHAI under the interim proceedings.

The Group has disclosed it's share of bank guarantee amounting to Rs. 69.37 crores as commitments for the year ended March 31, 2020 and March 31, 2019.

43. EVENTS OCCURRING AFTER THE REPORTING PERIOD

(i) Refer note 39 for the final dividend recommended by the directors which is subject to the approval of shareholders in the ensuing annual general meeting. Refer note 55 for impact of covid on the Group.

(ii) IDFC FIRST Bank Limited in June 2020 raised equity capital by way of issue of equity shares on preferential basis amounting to Rs. 2,000 crore to augment their capital base. IDFC as a promoter of the Bank, invested a sum of Rs. 800 crore (to maintain 40% stake as required under RBI Guidelines of February 2013) through its wholly owned subsidiary IDFC Financial Holding Company Limited.

(iii) On November 7, 2019 the Group executed definitive agreements with Mr. Dharmesh Mehta & other investors for the sale of its entire investment in IDFC Securities Limited ('ISL'). The sale was subject to certain terms, conditions and regulatory approvals. The sale was concluded in June 2020 post receiving all regulatory approvals. The assets and liabilities of ISL have been classified as held for sale as on March 31, 2020 and have been presented separately in Consolidated Balance Sheet.

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

45. (a) Financial statements of subsidiaries prepared on non-going concern basis
Certain subsidiaries of the Group had discontinued their business operations and don't have any defined plan for future commercial operations .Hence , the use of going concern assumption is inappropriate for preparation of the financial statements.

Following subsidiaries are consolidated on non going concern basis-

IDFC Trustee Company Limited

IDFC Projects Limited

IDFC Alternatives Limited

45. (b) IDFC Foundation did not lay before the Shareholders the consolidated financial statements for the year ended March 31, 2018 in the Annual General Meeting held on September 28, 2018 as required under section 129(3) of the Companies Act, 2013 ("Act") due to non- availability of audited financial statements of one of its material jointly controlled entities Delhi Integrated Multi- Modal Transit System Limited (a joint venture between IDFC Foundation and Government of Delhi) and consequently, compliances as per the provisions of section 137(1) of the Act have not been done to the extent this section is applicable to the consolidated financial statements. These were adopted by the Board of Directors in its meeting held on February 13, 2019 and the same was approved by the Shareholders in its Extraordinary General Meeting held on March 11, 2019. IDFC Foundation has filed applications with the Hon'ble Company Law Tribunal on May 10, 2019, for compounding of aforesaid non-compliance, which are pending for the disposal. Consequently, the resulted financial impact of these non-compliances in the above result is not ascertainable.

45. (c) As per section 123(3) of the Companies Act, 2013 IDFC FHCL should have declared and paid this dividend on or after October 1, 2018 instead of paying the same on August 2, 2018. As per provision of section 123(3) [amended in Feb 2018] of the Companies Act, 2013 the interim dividend should have been declared out of profits generated in the financial year till the quarter preceding the date of declaration of interim dividend. IDFC FHCL though oversight missed this amendment and had made an application to Registrar of Companies and Regional Director, Chennai for compounding of offence u/s 441 of the Companies Act, 2013. During the current year, IDFC FHCL received the Order from the Registrar of Companies and Regional Director, Chennai Regional Director dated October 10, 2019 and pursuant to the same paid requisite compounding fees of Rs. 10,000/- as per the Order. The said order was filed with Registrar of Companies on October 15, 2019 and Registrar of Companies approved the same on October 25, 2019.

45. (d) IDFC FHCL had not appointed Key Managerial Personnel and Chief Financial Officer for the year ended March 31,2019. During the year, the Board of Directors of IDFC FHCL had appointed Chief Executive Officer, Chief Financial Officer and Company Secretary.

45. (e) The Board of Directors of IDFC Financial Holding Company Limited (wholly owned subsidiary of Holding Company) and the Holding Company on November 8, 2019 had approved transfer of 100% equity shares of IDFC Alternatives Limited and IDFC Trustee Company Limited held by IDFC FHCL to the Holding Company.

45. (f) IDFC FHCL filed an application with Hon'ble National Company Law Tribunal ('NCLT'), Chennai bench on December 12, 2019 for reduction of 65 crore equity shares of Rs. 10/-each to be reduced at par in accordance with provisions of Section 66 of the Companies Act 2013. NCLT approval is awaited.

45. (g) The merger of Capital First Limited and its wholly owned subsidiaries, Capital First Home Finance Limited and Capital First Securities Limited ('Merging entities') with erstwhile IDFC Bank Limited ('IDFC - CFL Merger') has been accounted under the applicable accounting standard to the Bank as per the specific provisions of the scheme approved by the NCLT and based on clarification by Ind AS Technical Facilitation Group ('ITFG'). Accordingly, the merger has been accounted under 'Purchase Method' - Accounting Standard 14 on 'Accounting for Amalgamations' and net assets of erstwhile Capital First Limited and its subsidiaries aggregating to Rs. 2,752.98 crore as at appointed date has been recorded by the Bank at fair value as determined by an independent valuer. In view of the share swap ratio of 13.9:1, the Bank issued 137,71,09,057 equity shares as purchase consideration at fair value. The difference between the purchase consideration and fair value of net assets is represented by Goodwill on amalgamation of Rs. 2,390.53 crore and recorded accordingly. Under Section 15 of the Banking Regulation Act 1949, banks are restricted from declaring dividend in the event a bank carries intangible assets such as goodwill on its Balance Sheet. Therefore, as a prudent measure, Goodwill on amalgamation of Rs. 2,390.53 crore and intangible of merging entities of Rs. 208.82 crore acquired or arising on amalgamation have been fully amortised through profit and loss account in the year ended March 31, 2019 under the merger accounting as per accounting standard 14.

45. (h) IDFC FIRST Bank has sought for renewal of dispensation from the Reserve Bank of India, which was valid till December 31, 2019, to grandfather certain loan accounts which were given by the erstwhile Capital First Limited as a Non Banking Financial Company (NBFC). Whilst the application for dispensation is pending approval with RBI, the Bank expects that the dispensation will be granted and that this matter has no material financial impact on the results of the Bank.

45. (i) IDFC Infrastructure Finance Limited is an Infra Debt Fund - Non Banking Finance Company (IDF - NBFC) registered with the Reserve Bank of India on September 22, 2014. The income of the Company, being IDF-NBFC, is exempt under section 10(47) of the Income Tax Act, 1961, with effect from October, 2014.The Company had applied to CBDT to get it notified in the Official Gazette as required u/s 10(47) of the Act. The CBDT has issued a notification dated October 21, 2019 notifying NIIFL under Section 10(47) of Income Tax Act, 1961 with effect from April 1, 2019 (i.e. from Assessment year 2020-21). As a result, the group has reversed contingent consideration receivable of Rs. 37.23 crore accrued till March 31, 2020.

45. (j) On November 14, 2019 MAS cancelled the CMS license issued to IDFC Securities (Singapore) Pte. Ltd., Wholly Owned Subsidiary ('WOS') of IDFC Securities Limited. Further the WOS is in the process of liquidation subject to regulatory approval.

45. (k) On October 31, 2019 MAS cancelled the CMS license issued to IDFC Capital (Singapore) Pte. Ltd., WOS of IDFC Alternatives Limited. Further the WOS is in the process of liquidation subject to regulatory approval.

46. CAPITAL MANAGEMENT

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

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

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

47. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

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

(Rs. in crore)

	As at March 31, 2020			As at March 31, 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial assets						
Cash and cash equivalents	677.90	-	677.90	150.09	-	150.09
Bank balance other than cash and cash equivalents above	45.85	0.25	46.10	46.85	67.08	113.93
Derivative financial instruments	4.29	-	4.29	1.66	-	1.66
Receivables						-
(I) Trade receivables	17.95	-	17.95	13.64	-	13.64
(II) Other receivables	0.50	-	0.50	2.94	-	2.94
Investments	421.00	6,259.84	6,680.84	1,045.27	7,628.00	8,673.27
Other financial assets	9.32	8.40	17.72	57.72	5.33	63.05
Non-financial assets						-
Income tax assets (Net)	-	51.54	51.54	-	81.69	81.69
Deferred tax assets (Net)	-	0.66	0.66	-	-	-
Property, plant and equipment	38.00	12.30	50.30	1.28	61.45	62.73
Intangible assets under development	-	45.64	45.64	-	-	-
Investment Property	35.71	-	35.71	39.90	-	39.90
Goodwill	-	779.17	779.17	-	779.17	779.17
Other intangible assets	-	7.50	7.50	-	3.07	3.07
Other non-financial assets	34.62	-	34.62	63.09	3.24	66.33
Contract assets	-	-	-	59.28	-	59.28
Disposal group held for sale	118.62	-	118.62	447.12	-	447.12
Total assets	1,403.76	7,165.30	8,569.06	1,928.84	8,629.03	10,557.87
Financial liabilities						
Derivative financial instruments	0.42	-	0.42	0.08	-	0.08
Payables						
(I) Trade payables						
(i) total outstanding dues of micro enterprises and small enterprises	0.25	-	0.25	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	13.49	-	13.49	20.97	-	20.97
(II) Other payables						-
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	0.03	-	0.03	3.63	-	3.63
Lease liabilities	-	47.34	47.34	-	-	-
Other financial liabilities	43.24	17.69	60.93	33.24	28.51	61.75
Non-financial Liabilities						
Income tax liabilities (Net)	11.68	-	11.68	18.35	-	18.35
Deferred tax liabilities (Net)	-	5.78	5.78	-	13.12	13.12
Provisions	26.01	-	26.01	14.44	-	14.44
Other non-financial liabilities	32.46	5.40	37.86	20.12	4.47	24.59
Disposal group held for sale	44.58	-	44.58	16.13	-	16.13
Total liabilities	172.16	76.21	248.37	126.96	46.10	173.06
Net	1,231.60	7,089.09	8,320.69	1,801.88	8,582.93	10,384.81

48. FAIR VALUE MEASUREMENT

a) Financial Instruments by Category

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

(Rs. in crore)

As at March 31, 2020	At FVTPL	At FVOCI	Amortised Cost
Financial Assets			
Investments			
- Mutual fund units#	216.85	-	-
- Venture capital fund units	166.39	-	-
- Equity instruments*	37.70	0.05	-
- Trustee units #	0.01	-	-
Derivative financial assets	4.29	-	-
Cash and Cash Equivalents	-	-	677.90
Bank balances other than cash and cash equivalents	-	-	46.10
Trade receivables	-	-	18.45
Other financial assets	-	-	17.72
Total financial assets	425.24	0.05	760.17
Financial Liabilities			
Derivative financial liabilities	0.42	-	-
Trade payables	-	-	13.77
Lease liabilities	-	-	47.34
Other financial liabilities	-	-	60.93
Total financial liabilities	0.42	-	122.04

As at March 31, 2019	At FVTPL	At FVOCI	Amortised Cost
Financial Assets			
Investments			
- Mutual fund units#	658.35	-	-
- Venture capital fund units	309.46	-	-
- Equity instruments*	29.38	0.05	-
- Debt securities	47.09	-	-
- Alternate Investment Funds	0.93	-	-
- Trustee units #	0.01	-	-
Derivative financial assets	1.66	-	-
Cash and Cash Equivalents	-	-	150.09
Bank balances other than cash and cash equivalents	-	-	113.93
Trade receivables	-	-	16.58
Contingent consideration [Refer Note 48 (g)]	36.52	-	-
Other financial assets	-	-	26.53
Total financial assets	1,083.40	0.05	307.13
Financial Liabilities			
Derivative financial liabilities	0.08	-	-
Trade payables	-	-	24.60
Other financial liabilities	-	-	61.75
Total financial liabilities	0.08	-	86.35

Includes Rs. 11.90 crores (March 31, 2019: Rs. 10.92 crores) pertaining to IDFC Foundation held for specified purposes.

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

b) Fair value hierarchy

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

As at March 31, 2020 (In Rs. crore)

Assets and liabilities measured at fair value - recurring fair value measurements	Note	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL					
- Mutual fund units	6	216.85	-	-	216.85
- Venture capital fund units		-	-	166.39	166.39
- Equity shares		28.76	8.94	-	37.70
- Trustee Units		0.01	-	-	0.01
Financial Investments at FVOCI					
- Equity shares	6	-	0.05	-	0.05
Derivative not designated as hedge					
Equity / Index option contracts	14	4.29	-	-	4.29
Total financial assets		249.90	8.99	166.39	425.29
Financial liabilities					
Derivative not designated as hedge					
Equity / Index futures contracts	14	0.42	-	-	0.42
Total financial liabilities		0.42	-	-	0.42

As at March 31, 2019 (In Rs. crore)

Assets and liabilities measured at fair value - recurring fair value measurements	Note	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL					
- Mutual fund units	6	658.35	-	-	658.35
- Venture capital fund units		-	-	309.46	309.46
- Equity shares		29.38	-	-	29.38
- Debt securities		-	47.09	-	47.09
- Alternative Investment Fund		-	-	0.93	0.93
- Trustee Units		0.01	-	-	0.01
Contingent consideration	7	-	-	36.52	36.52
Financial Investments at FVOCI					
- Equity shares	6	-	0.05	-	0.05
Derivative not designated as hedge					
Equity / Index option contracts	14	1.66	-	-	1.66
Total financial assets		689.40	47.14	346.91	1,083.45
Financial liabilities					
Derivative not designated as hedge					
Equity / Index futures contracts	14	0.08	-	-	0.08
Total financial liabilities		0.08	-	-	0.08

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

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

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

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

The hierarchies used are as follows:

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

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

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

There has been no transfers between level 1, level 2 and level 3 for the year ended March 31, 2020 and March 31, 2019.

c) Valuation technique used to determine fair value

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

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices for listed equity instruments, future contracts and option contracts.
- the fair value of the mutual fund units is determined using observable NAV at the reporting date as declared by the issuer.
- the fair value of the venture capital units is determined using NAV at the reporting date as declared by the issuer. ^
- the fair values of derivative instruments are valued at the settlement price provided by the respective stock exchange.
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis, market comparable method and based on recent transactions.

^ Considering the current scenario with respect to the Covid-19 pandemic and the stress in various sectors of the economy the Company has taken appropriate haircuts and provided for an additional diminution over and above the NAV communicated by the VCFs in order to appropriately reflect the fair value as on March 31, 2020.

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

d) Valuation Process

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

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

Discount rates are determined specific to the counterparties (including assumptions about credit default rates) to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset.

Risk adjustments specific to the counterparties (including assumptions about credit default rates) are derived from credit risk grading determined by the Company's internal credit risk management group.

Earnings growth factor for unlisted equity securities are estimated based on market information for similar types of companies.

In the view of management, there will be no material impact on the financial statements arising from the changes in unobservable inputs used for valuation.

Contingent Consideration - Discounted cash flow techniques is used to value contingent consideration as on March 31, 2019. The cash flows are based on estimated probability of outcome of notification based on managements assessment supported by legal advice.

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

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

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

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

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

The following table presents the changes in level 3 items for the years ended March 31, 2020 and March 31, 2019:

(In Rs. crore)

	Venture capital units	Unlisted equity securities	Contingent Consideration	Total
As at March 31, 2018	278.03	5.80	-	283.83
Acquisitions/ (Disposal) during the year	62.04	(5.80)	36.52	92.76
Gains/(losses) recognised profit and loss	(30.61)	-	-	(30.61)
As at March 31, 2019	309.46	-	36.52	345.98
Acquisitions/ (Disposal) during the year	(137.34)	-	-	(137.34)
Gains/(losses) recognised profit and loss	(5.73)	-	(36.52)	(5.73)
As at March 31, 2020	166.39	-	-	166.39

g) Valuation inputs and relationships to fair value

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

	Fair value as at March 31, 2020	Fair value as at March 31, 2019	Significant unobservable inputs*	Probability-weighted range	Sensitivity
Contingent consideration	-	36.52	Probability for outcome	51%-71%	Basis tax experts' opinion which states that "fair chance more likely than not that the retrospective tax exemption from CBDT will be received", a 60% probability of favourable outcome was assigned to the outcome. The discount rate used for present value was 8% (risk free rate plus small spread for counterparty credit spread). Since the probability weighting of outcome is a significant accounting judgement, it has been disclosed in the financial statements that if the maximum probability level for "more likely than not" of 71% were used (in place of 60%), the receivable on Balance sheet and gain in P&L would be higher by Rs. 6.70 crores (keeping all other variables constant). In the same manner, if the minimum probability level for "more likely than not" of 51% were used, the receivable on Balance sheet and gain in P&L would be lower by Rs. 5.48 crores (keeping all other variables constant). During the current year, the CBDT issued a notification dated October 21, 2019 notifying NIIFIFL under section 10(47) of the Income Tax Act, 1961 w.e.f. financial year 2019-20 (i.e., from the financial year starting April 1, 2019). Pursuant to the said CBDT notification notifying IIFL prospectively rather than retrospectively, the Company in the current year has derecognised the contingent consideration asset of Rs. 36.52 crores.
Venture Capital Funds	166.39	309.46	Net asset Value	10%	Whilist these investments are not traded on any market, they are exposed to price risk in respect of their underlying investments. 10% is the sensitivity rate used when reporting price risk internally to key management's assessment of the possible net change in underlying prices. A 10% increase / (decrease) in the net asset value would increase/ (decrease) in the Groups' gain / (loss) by Rs. 12.45 crore (March 31, 2019 : Rs. 22.04 crore)

49. FINANCIAL RISK MANAGEMENT

49.1 Introduction

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

49.2 Risk management structure

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

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

49.3 Credit risk

Credit risk is the risk of suffering financial loss, should any of the Company's customers, clients or market counterparties fail to fulfil their contractual obligations to the Company. Credit risk arises mainly from cash and cash equivalents, deposits with banks, trade and other receivable, loans measured at amortised cost and investment measured at FVTPL (viz, debt securities, mutual fund units, alternative investment fund units and venture capital fund units).

a) Expected credit loss methodology

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

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

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

Change in credit quality since initial recognition

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

i) Significant increase in credit risk (SICR)

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

Quantitative criteria:

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

Qualitative criteria:

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

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

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

ii) Policy for write-off of financial assets

All loans which in the opinion of management are not recoverable are written off. The Company may write off financial assets that are still subject to enforcement activity. The Company still seeks to recover amounts it is legally owed in full, but which have been written off due to no reasonable expectation of full recovery.

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

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

PD Estimation:

- "Probability of default" (PD) is defined as the probability of whether the borrowers will default on their obligations in the future.

- For Stage 1, 12 month PD are calculated.
- For Stage 2, Lifetime PD are calculated by considering the survival rate of the counterparty for the remaining maturity.
- For Stage 3, Lifetime PD is taken as 100%.

Exposure at default:

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

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

Loss given default:

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

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

In case of re-financing of operating road project, the Group enters into a tripartite agreement with the concessionaire and NHAI/ any other project authority for ensuring a compulsory buyout with termination payments. The LGD for road project loans is taken as nil since the entire credit exposure arising out of loan agreement is secured by way of tripartite agreement with Government authorities.

ECL computation:

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

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

b) Credit risk exposure

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

	Stage 1 (12M ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL)	Total
Impairment allowance as at March 31, 2018	-	-	28.15	28.15
- arising during the year	-	-	-	-
- utilised	-	-	18.50	18.50
Impairment allowance as at March 31, 2019	-	-	9.65	9.65
- arising during the year	-	-	12.98	12.98
- utilised	-	-	-	-
Impairment allowance as at March 31, 2020	-	-	22.63	22.63

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

(ii) Trade and other receivables

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

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

	(Rs. in crore)
Loss allowance as at March 31, 2018	8.25
Add/(less): changes during the year	(2.24)
Loss allowance as at March 31, 2019	6.01
Add/(less): changes during the year	7.72
Loss allowance as at March 31, 2020	13.73

49.3.1 Other financial assets

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

49.4 Liquidity risk

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

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

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

As at March 31, 2020	Within 12 months	More than 12 months	Total
Financial liabilities			
Trade payables	13.77	-	13.77
Derivative liabilities (net settled)	0.42	-	0.42
Lease Liabilities	-	47.34	47.34
Other financial liabilities	43.24	17.69	60.93
Total undiscounted financial liabilities	57.43	65.03	122.46

As at March 31, 2019	Within 12 months	More than 12 months	Total
Financial liabilities			
Trade payables	24.60	-	24.60
Derivative liabilities (net settled)	0.08	-	0.08
Other financial liabilities	33.24	28.51	61.75
Total undiscounted financial liabilities	28.25	28.51	86.43

49.5 Market Risk

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

49.5.1 Interest Rate Risk - Investment in debt oriented mutual fund

i) Exposure

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

	As at March 31, 2020	As at March 31, 2019
Investment in debt oriented mutual funds	199.92	650.97
Investment in debt securities	-	47.09
Total	199.92	698.06

ii) Sensitivity*

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

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

	Impact on profit after tax	
	Year ended March 31, 2020	Year ended March 31, 2019
Benchmark: Increase 100 bps (previous year 100 bps)	1.81	9.73
Benchmark: Decrease 100 bps (previous year 100 bps)	(1.81)	(9.73)

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

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

49.5.2 Price risk

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

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

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

49.5.2.1 Exposure

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Investment in equity instruments (at FVTPL)	37.70	29.38
Investment in equity instruments (at FVOCI)	0.05	0.05
Investment in equity-oriented mutual fund	16.93	7.37
Investment in venture capital fund units	166.39	309.46
Investment in Alternate Investment Fund	-	0.93
Equity / Index option contracts	4.29	1.66
Equity / Index futures contracts	(0.42)	(0.08)
Total	224.94	348.77

49.5.2.2 Sensitivity

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

	Impact on profit after tax[4]		Impact on OCI[4]	
	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019
Investment in equity-oriented mutual fund units[1]				
- Increase 1% (previous year 1%)	0.12	0.07	-	-
- Decrease 1% (previous year 1%)	(0.12)	(0.07)	-	-
Investment in equity instruments including derivatives contracts (at FVTPL)[2]				
- Increase by 15% (previous year 15%)	2.29	1.52	-	-
- Decrease by 15% (previous year 15%)	(2.29)	(1.52)	-	-
Investment in equity instruments (at FVOCI)[3]				
- Increase 16 % (previous year 16 %)	-	-	-	-
- Increase 16 % (previous year 16 %)	-	-	-	-
Investment in venture capital fund units				
- Increase 10% (previous year 10%)	12.45	22.04	-	-
- Increase 10% (previous year 10%)	(12.45)	(22.04)	-	-

(1) The Group has investments in equity oriented mutual funds which are tracked with different benchmarks. The sensitivity analysis for these investments is performed with reference to respective benchmarks.

(2) Investment in equity instruments (including derivatives) at FVTPL are tracked to BSE 200 Index or Nifty 50 Index. The analysis is based on the assumption that the BSE 200 Index or Nifty 50 has increased by 15% or decreased by 15% with all other variables held as constant, and that all the Group's investments moved in line with the index.

(3) Investment in equity instruments (at FVOCI) are tracked to NSE Small cap 100 Index. The analysis is based on the assumption that the NSE Small Cap 100 index has increased by 16% or decreased by 16% with all other variables held constant, and that all the Group's investments moved in line with the index.

(4) Profit for the period would increase/(decrease) as a result of gains/(losses) on investments classified as at fair value through profit or loss. Other components of equity would increase/(decrease) as a result of gains/(losses) on investments classified as at fair value though other comprehensive income.

49.5.3 Foreign currency risk:

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

50. The SARS-CoV-2 virus responsible for COVID-19 continues to spread across the globe and India, which has contributed to a significant decline and volatility in global and Indian financial markets and a significant decrease in global and local economic activities. On March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization. Numerous governments and companies, including IDFC FIRST Bank, have introduced a variety of measures to contain the spread of the virus. The extent to which the COVID-19 pandemic will impact the Bank's results will depend on future developments, which are highly uncertain, including, among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by the Bank. The Bank's capital and liquidity position is strong and would continue to be the focus area for the Bank during this period.

51. EMPLOYEE SHARE BASED PAYMENTS

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

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

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

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

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

	Year ended March 31, 2020		Year ended March 31, 2019	
	Average exercise price	Number of options	Average exercise price	Number of options
Opening balance	68.52	27,216,085	73.80	26,917,685
Granted during the year	-	-	55.75	8,400,000
Exercised during the year	-	-	43.40	(3,750)
Forfeited during the year	66.87	(6,104,000)	70.89	(7,001,350)
Lapsed/expired during the year	81.48	(7,830,667)	82.60	(1,096,500)
Closing balance	61.64	13,281,418	68.52	27,216,085
Vested and exercisable	61.63	13,240,018	74.69	18,500,593

The weighted average share price at the date of exercise of options exercised during the year ended March 31, 2020 was Rs. Nil (March 31, 2019 Rs. 43.40).

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

Grant date	Expiry date	Exercise price	Outstanding as at March 31, 2020	Outstanding as at March 31, 2019
06-Jun-11	26-Apr-17 to 1-Apr-19	81.96	-	7,350,000
22-Feb-12	22-Feb-18 to 22-Feb-20	91.32	-	30,000
08-Jun-12	8-Jun-19	129.70	-	200,000
20-May-13	20-May-19 to 31-Jan-19	99.26	-	66,667
01-Aug-13	01-Aug-19 to 01-Aug-21	66.33	-	200,000
02-Sep-13	02-Sep-19 to 02-Sep-21	48.77	42,000	46,000
01-Oct-13	01-Oct-19 to 01-Oct-21	53.34	-	400,000
03-Mar-14	03-Mar-20 to 03-Mar-22	56.97	-	1,250,000
01-Jul-14	01-Jul-20 to 01-Jul-22	81.84	-	1,000,000
15-Jul-14	15-Jul-20 to 15-Jul-22	89.29	-	600,000
07-Aug-14	07-Aug-19 to 07-Aug-21	90.56	700,000	1,000,000
03-Aug-15	15-Jul-19 to 03-Aug-23	90.81	1,500,000	1,500,000
05-Oct-15	18-Apr-17 to 05-Oct-23	60.35	2,034,564	3,889,364
03-Nov-15	03-Nov-21 to 03-Nov-23	58.40	-	325,000
05-Feb-16	05-Feb-22 to 05-Feb-24	41.15	300,000	304,200
29-Apr-16	14-Jul-17 to 29-Apr-23	43.40	100,000	175,000
26-Jul-16	14-Jul-17 to 26-Jul-23	53.90	158,754	158,754
14-Sep-16	14-Sep-22 to 14-Sep-24	59.20	100,000	100,000
14-Mar-17	14-Mar-23 to 14-Mar-25	51.85	42,600	42,600
09-May-17	31-May-18 to 09-May-24	63.25	103,500	178,500
27-Apr-18	27-Apr-2023	55.40	8,200,000	8,400,000
Total			13,281,418	27,216,085
Weighted average remaining contractual life of options outstanding at end of period			3.20	2.47

Fair value of options granted:

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

The model inputs for options granted during the year ended March 31, 2020 and March 31, 2019 included:

Assumptions	Year ended March 31, 2020	Year ended March 31, 2019
Expected - Weighted average volatility *	NA	39%
Expected dividends	NA	0.45%
Expected term (In years)	NA	3
Risk free rate	NA	7.44%
Market price	NA	55.4
Grant date	NA	27-Apr-18
Expiry date	NA	27-Apr-22
Fair value of the option at grant date	NA	18.87

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

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

(i) IDFC Asset Management Company Limited ("IDFC AMC"), a subsidiary of IDFC group, introduced IDFC AMC Employee Stock Option Scheme, 2020 ("ESOS 2020") to enable the employees of IDFC AMC to participate in the future growth and financial success of the IDFC AMC. The scheme restricts the transferability of shares exercised by the employees. IDFC Financial Holding Company Limited (an immediate parent of IDFC AMC) will have right to buyback the shares from the employees as per the terms of the scheme. After applying the guidance under Ind AS 102 - Group share based payments, the said employee stock option scheme is classified as "Cash settled share based payments" in the consolidated financial statements of the Group.

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

	Year ended March 31, 2020		Year ended March 31, 2019	
	Average exercise price (Rs.)	Number of options	Average exercise price (Rs.)	Number of options
Opening balance	-	-	-	-
Granted during the year	699.03	599,000	-	-
Exercised during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Lapsed/expired during the year	-	-	-	-
Closing balance	699.03	599,000	-	-
Vested and exercisable	-	-	-	-

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

Grant date	Expiry date	Exercise price	Outstanding as at March 31, 2020	Outstanding as at March 31, 2019
January 01, 2020	01-Jan-28	699.03	599,000	-
Total			599,000	-

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

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

Grants made during the year ended March 31, 2020 and March 31, 2019:

	As at March 31, 2020	As at March 31, 2019
Stock Price (Rs.)	699.03	6,345.54
Volatility	0.50	0.48
Risk-free Rate	0.06	0.07
Exercise Price (Rs.)	699.03	9,646.93
Time To Maturity (In Years)	5.25	4.53
Dividend yield	0.06	0.02
Option Fair Value	213.13	1,936.22

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

	Year ended March 31, 2020		Year ended March 31, 2019	
	Average exercise price	Number of options *	Average exercise price	Number of options *
Opening balance	964.69	435,750	964.69	443,890
Granted during the year	-	-	964.69	10,000
Exercised during the year	-	-	-	-
Forfeited during the year	(964.69)	(36,210)	964.69	(18,140)
Lapsed/expired during the year	-	-	-	-
Closing balance	964.69	399,540	964.69	435,750

* The outstanding number of options for ESOS - 2017 have been adjusted for the 1:10 stock split in December 2019.

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

Grant date	Expiry date	Exercise price	Outstanding as at March 31, 2020	Outstanding as at March 31, 2019
09-Sep-17	09-Sep-25	964.69	380,120	410,930
06-Nov-17	06-Nov-25	964.69	9,420	9,420
01-Feb-18	01-Feb-26	964.69	-	5,400
11-Apr-18	11-Apr-26	964.69	10,000	10,000
Total			399,540	435,750

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

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

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

d) Expense arising from share-based payment transactions

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

	Year ended March 31, 2020	Year ended March 31, 2019
IDFC Limited - Employee stock option scheme (equity settled)	1.11	14.70
IDFC AMC - Employee stock option scheme (cash settled)	2.94	4.49
IDFC FIRST Bank Limited - Employee stock option scheme (equity settled)	1.89	0.01
Total	5.94	19.20

52. INTEREST IN OTHER ENTITIES

a) Subsidiaries

The Group's subsidiaries at March 31, 2020 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group.

Name of entity	Principal activities	Place of incorporation and principle business	Ownership interest held by Group (%)		Ownership interest held by non-controlling interests (%)	
			As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
IDFC Alternatives Limited	Fund Management Services	India	100%	100%	-	-
IDFC AMC Trustee Company Limited	Trusteeship services	India	100%	100%	-	-
IDFC Asset Management Company Limited	Asset management services	India	100%	100%	-	-
IDFC Projects Limited	Project management services	India	100%	100%	-	-
IDFC Securities Limited	Stock broking	India	100%	100%	-	-
IDFC Trustee Company Limited	Trusteeship services	India	100%	100%	-	-
IDFC Infrastructure Finance Limited (till March 11, 2019)	Infrastructure lending	India	-	-	-	-
IDFC Financial Holding Company Limited	Non operating NBFC	India	100%	100%	-	-
IDFC Capital (Singapore) Pte Ltd	Asset management services	Singapore	100%	100%	-	-
IDFC Capital (USA) Inc.	Asset management services	USA	100%	100%	-	-
IDFC Securities Singapore Pte Ltd	Stock broking	Singapore	100%	100%		-
IDFC Investment Managers (Mauritius) Limited	Asset management services	Mauritius	100%	100%	-	-
IDFC IEH Conservative Fund	AIF Category III Fund	India	73%	61%	27%	39%
IDFC IEH Tactical Fund	AIF Category III Fund	India	71%	78%	29%	22%
India Multi Avenues Fund Limited	Investing	India	100%	100%	-	-
IDFC Foundation*	Not-for-profit organization	India	100%	100%	-	-

* The subsidiary is limited by shares formed under Section 25 of the Companies Act, 1956, now section 8 of the Companies Act, 2013. No dividend can be proposed and paid to the shareholders by these companies. In the event of winding up or dissolution of these companies, after the satisfaction of all its debts and liabilities, any property whatsoever shall be given or transferred to some other institution(s) having object similar to the objects of these companies, to be determined by the members of the these companies at or before the time of dissolution or in default thereof by the High Court. The carrying amount of the assets and liabilities included within the consolidated financial statements to which these restrictions apply is Rs. 55 crores (March 31, 2019: Rs. 63 Crores)

(i) Significant judgement: Consolidation of IDFC Foundation

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

b) Interest in associates and joint ventures

Set out below are the associates and joint ventures of the group as at March 31, 2020 which, in the opinion of the directors, are material to the group. The entities listed below have share capital consisting solely of equity shares, which are held directly by the group.

Name of entity	% of ownership interest	Relationship	Accounting Method	Quoted fair value		Carrying value	
				As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
IDFC First Bank Limited (Refer note (i) below)	40.00%	Associate	Equity Method	4,059.56	10,615.32	6,140.27	7,511.05
IDFC Infrastructure Finance Limited (w.e.f March 12, 2019 & till March 29,2020)	30.00%	Associate	Equity Method	- *	- *	-	266.23
Novopay Solutions Private Limited#	23.83%	Associate	Equity Method	- *	- *	-	2.73
Jetpur Somnath Tollways Private Limited	26.00%	Associate	Equity Method	- *	- *	-	-
Delhi Integrated Multi - Modal Transit System Limited	50.00%	Joint Venture	Equity Method	- *	- *	59.45	57.95
Infrastructure Development Corporation (Karnataka) Limited ("iDeck")	49.49%	Joint Venture	Equity Method	- *	- *	48.34	50.03
Total equity accounted investments				4,059.56	10,615.32	6,248.06	7,887.99

Amount in the associate is impaired and stands at Nil value

* Note: Unlisted entity - no quoted price available

i) For impairment assessment refer note 1 p) i) of accounting policies.

i) Significant judgement: existence of significant influence

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

Under previous GAAP, as the Group held 52.88% in IDFC FIRST Bank Limited (formerly IDFC Bank Limited), it was consolidated as a subsidiary as per AS-21. Accordingly, the assets, liabilities, incomes and expenses of IDFC FIRST Bank Limited were consolidated line by line. Under Ind AS 110, IDFC FIRST Bank Limited does not qualify to be a subsidiary as the Group fails to demonstrate control over it due to restricted voting rights as per the prevailing legal framework coupled with the absence of de-facto control. However, this does not preclude the Group from exercising significant influence over IDFC First Bank Limited. Accordingly, IDFC FIRST Bank Limited is considered as an associate under Ind AS 28.

ii) Commitments and contingent liabilities in respect of associates and joint ventures

(In Rs. crore)

	As at March 31, 2020	As at March 31, 2019
Contingent liabilities – associates		
Derivative and non-fund based exposure	109,616.62	117,123.60
Income Tax	0.04	0.04
Bank Guarantee from PNB (submitted to NHAI)	90.64	90.64
Other Bank Guarantee	15.41	15.25
Total commitments and contingent liabilities	109,722.71	117,229.53

iii) Summarised financial information for associates

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

(In Rs. crore)

Summarised balance sheet	IDFC FIRST Bank Limited	
	As at March 31, 2020	As at March 31, 2019
Financial assets	153,683.21	169,387.90
Financial liabilities	142,065.80	154,380.70
Net financial assets	11,617.41	15,007.20
Non-financial assets	5,792.96	4,663.18
Non-financial liabilities	1,449.12	238.58
Provisions	924.25	858.30
Net Non-financial Asset	3,419.59	3,566.30
Net Assets	15,037.00	18,573.50

(In Rs. crore)

Reconciliation to carrying amounts	IDFC FIRST Bank Limited	
	As at March 31, 2020	As at March 31, 2019
Opening Net Assets	18,573.50	15,221.59
Profit during the year	(2,510.33)	(1,497.34)
Other comprehensive income for the year	(1,088.04)	(92.69)
Dividends paid (including DDT)	-	(307.79)
Equity shares issued during the year (including share premium)	46.32	5,140.93
Other reserve movement	15.55	108.80
Closing net assets	15,037.00	18,573.50
Group's Share in %	40%	40%
Group's Share in Rs.	6,014.80	7,429.40
Employee share based payment charge	1.89	0.01
Excess of purchase cost over proportionate net assets (for additional stake acquired during the year)	123.58	81.64
Carrying Amount	6,140.27	7,511.05

(In Rs. crore)

Summarised statement of profit and loss	IDFC FIRST Bank Limited	
	As at March 31, 2020	As at March 31, 2019
Total Income	7,036.46	4,846.47
Profit for the year	(2,510.33)	(1,497.34)
Other comprehensive income	(1,088.04)	(92.69)
Total comprehensive income	(3,598.37)	(1,590.03)

(In Rs. crore)

Breakup of Other Comprehensive Income	IDFC FIRST Bank Limited	
	As at March 31, 2020	As at March 31, 2019
Other Comprehensive Income to the extent not to be reclassified to Profit or Loss	(140.86)	76.86
Other Comprehensive Income/ (Loss) to the extent that may be reclassified to Profit or Loss	(947.18)	(169.55)
Total Other Comprehensive Income/ (Loss)	(1,088.04)	(92.69)

iv) Individually immaterial associates

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

	Year ended March 31, 2020	Year ended March 31, 2019
Aggregate carrying amount of individually immaterial associates	-	-
Aggregate amounts of the Group's share of:		
- Profit/(loss) from continuing operations	-	-
- Gain on dilution in stake	-	2.73
- Other comprehensive income	-	-
Total comprehensive income	-	2.73

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

	Year ended March 31, 2020	Year ended March 31, 2019
Share of profits from associates	(1,439.35)	(664.90)
Gain/(loss) on dilution in stake in IDFC FIRST Bank Limited	-	(225.67)
Gain on dilution in stake in Novopay Solutions Private Limited	-	2.73
Share of profits from joint ventures	(0.23)	8.85
Total share of profits from associates and joint ventures	(1,439.58)	(878.99)

vi) Unrecognized share of loss of an associate (In Rs. crore)

	As at March 31, 2020	As at March 31, 2019
Unrecognised share of loss of an associate:		
-Jetpur Somnath Tollways Private Limited		
Opening balance of unrecognised share of loss	(136.93)	(134.59)
Share in Profit/ (loss) during the period	(1.65)	(2.34)
Closing balance of unrecognised share of loss	(138.58)	(136.93)

The Group has absorbed the share of losses in Jetpur Somnath Tollways Private Limited only to the extent of its investment value.

53. DISCLOSURE OF ADDITIONAL INFORMATION PERTAINING TO THE PARENT, SUBSIDIARY AND JOINT VENTURE COMPANIES AS PER SCHEDULE III OF THE COMPANIES ACT, 2013 AS ON MARCH 31, 2020

Name of the entity in the group	Net Assets, i.e., total assets minus total liabilities		Share in profit and loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	(In Rs. crore)	As % of consolidated profit or Loss	(In Rs. crore)	As % of consolidated other comprehensive Income	(In Rs. crore)	As % of consolidated total comprehensive income	(In Rs. crore)
Parent company								
IDFC Limited	111.24	9,255.57	(6.44)	64.18	(0.01)	0.04	(4.49)	64.22
Indian subsidiary companies								
IDFC Alternatives Limited	3.24	270.00	0.19	(1.87)	-	-	0.13	(1.87)
IDFC AMC Trustee Company Limited	0.00	0.27	(0.00)	0.02	-	-	(0.00)	0.02
IDFC Asset Management Company Limited	3.52	292.62	(8.04)	80.05	0.15	(0.65)	(5.55)	79.40
IDFC Projects Limited	(1.13)	(93.92)	0.09	(0.87)	-	-	0.06	(0.87)
IDFC Securities Limited	0.89	73.76	0.84	(8.36)	(0.26)	1.12	0.51	(7.23)
IDFC Trustee Company Limited	0.01	0.57	(0.03)	0.30	-	-	(0.02)	0.30
IDFC Financial Holding Company Limited	109.52	9,112.97	(10.65)	106.10	-	-	(7.41)	106.10
IDFC Foundation	0.66	55.16	0.80	(7.98)	0.01	(0.04)	0.56	(8.02)
India Multi Avenues Fund Limited	-	-	-	-	-	-	-	-
IDFC Infrastructure Finance Limited (till 11th March 2019)	-	-	-	-	-	-	-	-
IDFC IEH Conservative fund (w.e.f 15th February 2018)	0.48	39.70	0.08	(0.75)	-	-	0.05	(0.75)
IDFC IEH Tactical fund (w.e.f 16th February 2019)	0.29	24.52	0.36	(3.57)	-	-	0.25	(3.57)
Foreign subsidiary companies								
IDFC Capital (Singapore) Pte Ltd	0.05	3.78	(0.93)	9.25	-	-	(0.65)	9.25
IDFC Capital (USA) Inc.	0.09	7.44	(0.01)	0.08	-	-	(0.01)	0.08
IDFC Securities Singapore Pte Ltd	0.00	0.30	0.28	(2.81)	-	-	0.20	(2.81)
IDFC Investment Managers (Mauritius) Limited	0.00	0.18	0.07	(0.65)	-	-	0.05	(0.65)
Indian associate companies								
IDFC FIRST Bank Limited (formerly known as IDFC Bank Limited)	73.80	6,140.27	100.80	(1,004.13)	100.08	(435.22)	100.58	(1,439.35)
Novopay Solutions Private Limited	-	-	0.29	(2.87)	-	-	0.20	(2.87)
Joint venture company								
Delhi Integrated Multi - Modal Transit System Limited	0.71	59.45	(0.16)	1.64	0.03	(0.14)	(0.10)	1.50
Infrastructure Development Corporation (Karnataka) Limited ("iDeck")	0.58	48.34	0.14	(1.44)	(0.00)	0.01	0.10	(1.43)
Total (A)	303.95	25,290.99	77.67	(773.70)	100.00	(434.87)	84.46	(1,208.58)
a) Adjustment arising out of consolidation								
Intercompany Eliminations	(203.74)	(16,952.61)	22.45	(223.65)	-	-	15.63	(223.65)
b) Non-controlling interests								
- IDFC IEH Conservative Fund	(0.13)	(10.65)	(0.02)	0.20	-	-	(0.01)	0.20
- IDFC IEH Tactical Fund	(0.08)	(7.04)	(0.10)	1.02	-	-	(0.07)	1.02
Total (B)	(203.95)	(16,970.30)	22.33	(222.43)	-	-	15.54	(222.43)
Total (A) + (B)	100.00	8,320.69	100.00	(996.13)	100.00	(434.87)	100.00	(1,431.00)

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

Name of the entity in the group	Net Assets, i.e., total assets minus total liabilities		Share in profit and loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	(In Rs. crore)	As % of consolidated profit or Loss	(In Rs. crore)	As % of consolidated other comprehensive Income	(In Rs. crore)	As % of consolidated total comprehensive income	(In Rs. crore)
Parent company								
IDFC Limited	93.91	9,778.74	(15.57)	127.89	0.59	(0.23)	(14.84)	127.66
Indian subsidiary companies								
IDFC Alternatives Limited	3.81	397.10	(9.28)	76.20	-	-	(8.86)	76.20
IDFC AMC Trustee Company Limited	0.00	0.25	(0.01)	0.06	-	-	(0.01)	0.06
IDFC Asset Management Company Limited	2.82	293.23	(5.54)	45.51	4.79	(1.86)	(5.07)	43.65
IDFC Projects Limited	(0.89)	(93.05)	3.32	(27.27)	-	-	3.17	(27.27)
IDFC Securities Limited	1.33	138.09	1.14	(9.35)	5.48	(2.13)	1.33	(11.48)
IDFC Trustee Company Limited	0.07	7.51	(0.12)	0.98	-	-	(0.11)	0.98
IDFC Financial Holding Company Limited	86.49	9,006.87	(0.91)	7.44	-	-	(0.86)	7.44
IDFC Foundation	0.61	63.18	(0.59)	4.83	0.95	(0.37)	(0.52)	4.46
India Multi Avenues Fund Limited	-	-	-	-	-	-	-	-
IDFC Infrastructure Finance Limited (till 11th March 2019)	6.49	675.80	(10.24)	84.07	0.42	(0.16)	(9.75)	83.91
IDFC IEH Conservative fund (w.e.f 15th February 2018)	0.35	36.91	0.11	(0.87)	(3.41)	1.32	(0.05)	0.45
IDFC IEH Tactical fund (w.e.f 16th February 2019)	0.19	19.88	0.03	(0.26)	(0.71)	0.27	(0.00)	0.02
Foreign subsidiary companies								
IDFC Capital (Singapore) Pte Ltd	2.18	226.62	0.22	(1.79)	-	-	0.21	(1.79)
IDFC Capital (USA) Inc.	0.06	6.76	(0.01)	0.09	-	-	(0.01)	0.09
IDFC Securities Singapore Pte Ltd	0.01	0.84	0.58	(4.80)	-	-	0.56	(4.80)
IDFC Investment Managers (Mauritius) Limited	0.01	1.06	0.04	(0.32)	-	-	0.04	(0.32)
Indian associate companies								
IDFC FIRST Bank Limited (formerly known as IDFC Bank Limited)	72.13	7,511.05	76.93	(631.87)	87.82	(34.11)	77.42	(665.98)
IDFC Infrastructure Finance Limited (w.e.f 12th March 2019)	-	-	-	-	-	-	-	-
Novopay Solutions Private Limited	0.03	2.73	(0.33)	2.73	-	-	(0.32)	2.73
Jetpur Somnath Tollways Private Limited	-	-	-	-	-	-	-	-
Joint venture company								
Delhi Integrated Multi - Modal Transit System Limited	0.56	57.95	(0.77)	6.33	(0.11)	0.04	(0.74)	6.38
Infrastructure Development Corporation (Karnataka) Limited ("iDeck")	0.48	50.03	(0.28)	2.32	(0.42)	0.16	(0.29)	2.48
Total (A)	270.63	28,181.55	38.73	(318.08)	95.44	(37.07)	41.29	(355.15)
a) Adjustment arising out of consolidation								
Intercompany Eliminations	(170.90)	(17,796.74)	63.45	(521.10)	4.56	(1.77)	60.79	(522.87)
b) Non-controlling interests								
- IDFC Infrastructure Finance Limited	-	-	(2.09)	17.14	-	-	(1.99)	17.14
- IDFC IEH Conservative Fund	0.22	22.75	(0.09)	-	-	-	(0.08)	-
- IDFC IEH Tactical Fund	0.06	5.76	-	-	-	-	-	-
Total (B)	(170.63)	(17,768.23)	61.27	(503.96)	4.56	(1.77)	58.71	(505.73)
Total (A) + (B)	100.00	10,413.32	100.00	(822.04)	100.00	(38.84)	100.00	(860.88)

54. RELATED PARTY TRANSACTIONS

a) Subsidiaries

Direct:

IDFC Foundation
IDFC Financial Holding Company Limited
IDFC Projects Limited
IDFC Alternatives Limited (w.e.f November 14, 2019)
IDFC Trustee Company Limited (w.e.f November 14, 2019)

Through subsidiaries:

IDFC Alternatives Limited (upto November 13, 2019)
IDFC Asset Management Company Limited
NIIF Infrastructure Finance Limited (formerly known as IDFC Infrastructure Finance Limited) (till 11th March 2019)
IDFC Securities Limited
IDFC Capital (USA) Inc.
IDFC Capital (Singapore) Pte. Ltd.
IDFC Investment Managers (Mauritius) Limited
IDFC Securities Singapore Pte. Limited
IDFC AMC Trustee Company Limited
IDFC Trustee Company Limited (upto November 13, 2019)
India Multi Avenues Fund Limited
IDFC IEH Tactical Fund (w.e.f 16th February 2019)
IDFC IEH Conservative Fund (w.e.f 15th February 2018)

b) Joint ventures

Through subsidiaries:

Delhi Integrated Multi-Modal Transit System Limited
Infrastructure Development Corporation (Karnataka) Limited
Karnataka Rail Infrastructure Development Company (Karnataka) Limited (upto December 17, 2018)
India PPP Capacity Building Trust

c) Associates

Direct:

Novopay Solutions Private Limited

Indirect:

IDFC FIRST Bank Limited (formely known as “IDFC Bank Limited”)
IDFC FIRST Bharat Limited (formely known as “IDFC Bharat Limited”)
Millennium City Expressways Private Limited
Jetpur Somnath Tollways Private Limited
Emerging Markets Private Equity Fund LP (upto April 04, 2019)
Investcorp Real Estate Yield Fund (previously known as IDFC Real Estate Yield Fund) (upto January 30, 2019)
Investcorp Score Fund (previously known as IDFC Score Fund) (upto January 30, 2019)
Investcorp Private Equity Fund II (previously known as IDFC Private Equity Fund IV) (upto January 30, 2019)
Investcorp Infrastructure Fund 1 (previously known as IDFC Infrastructure Fund 3) (upto January 30, 2019)
India Infrastructure Fund (upto July 01, 2018)
India Infrastructure Fund II (upto July 01, 2018)

NIIF Infrastructure Finance Limited (formerly known as IDFC Infrastructure Finance Limited) (w.e.f March 12, 2019 till March 30, 2020)

d) Key management personnel

Mr. Sunil Kakar - Managing Director & CEO
Mr. Bipin Gemani - Chief Financial Officer (w.e.f December 19, 2018)
Mr. Vinod Rai - Independent director
Ms. Ritu Anand -Independent director (w.e.f. August 16, 2019)
Ms. Marriane Okland - Independent director (upto September 30, 2019)
Mr. S S Kohli - Independent director (upto September 30, 2019)
Mr. Ajay Sondhi - Independent director (w.e.f. November 08, 2019)

Sitting fees and Commission to directors has been disclosed as “Directors’ Sitting Fees” & “Commission to directors” under “other expenses” in note 32.

(In Rs. crore)

	Year ended March 31, 2020	Year ended March 31, 2019
Short-term employee benefit	7.16	5.11
Long-term employee benefit	1.04	0.47
Total	8.20	5.58

Consolidated disclosure of related party transaction and balances for the year ended March 31, 2020

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

(In Rs. crore)

	Associates / JV's / Others 2020	Associates / JV's / Others 2019	Key Management Personnel 2020	Key Management Personnel 2019
INCOME				
Interest	10.18	5.11	-	-
Fee income	0.23	270.20	-	-
Shared service recovery	2.15	22.22	-	-
Brokerage received	0.23	0.04	-	-
Rental Income	3.54	3.95	-	-
Corpus donation received	-	20.82	-	-
Sitting fees received	0.03	0.02	-	-
EXPENDITURE				
Remuneration paid	-	-	8.20	5.58
Shared service cost	1.34	5.20	-	-
License Fees	-	0.16	-	-
Fees on Cancellation of Forward Contract	-	4.65	-	-
Expenses related to contract assets	-	2.44	-	-
Lease rent	0.04	0.11	-	-
ASSETS / TRANSACTIONS				
Purchase / subscription of investments	45.99	969.23	-	-
Amount received on sale proceeds of investment	-	560.96	-	-
Transfer of fixed assets	-	0.57	-	-
Current account balance	67.13	8.11	-	-
Fixed deposits placed	1,415.78	1,415.99	-	-
Fixed deposits matured	866.09	1,515.51	-	-
Fixed deposits - Balance outstanding	609.42	59.79	-	-
Interest accrued on deposits	0.90	4.07	-	-
Other receivables	1.33	95.49	-	-
Contract assets	-	59.28	-	-
Outstanding Investment in Mutual Fund	-	157.08	-	-
Outstanding Preference investment	89.55	88.74	-	-
Outstanding Equity investment	7,597.10	7,587.54	-	-
LIABILITIES / TRANSACTIONS				
Other payables- balance outstanding	-	0.07	-	-
Trade payables- balance outstanding	4.99	5.09		
Security deposit o/s	1.77	1.77	-	-

55. COVID IMPACT

The novel coronavirus (COVID-19) pandemic continues to spread rapidly across the globe including India. On March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization. COVID-19 has taken its toll on not just human life, but business and financial markets too, the extent of which is currently indeterminable. In many countries, including India, there has been severe disruption to regular business operations due to lockdowns, disruptions in transportation, supply chain, travel bans, quarantines, social distancing and other emergency measures. On March 24, 2020, the Indian government announced a strict 21-day lockdown which was further extended by 19 days and 14 days across the country to contain the spread of virus.

The Group's operations are included in essential services and have continued through the lock down declared by the government. The Group has made an assessment of its liquidity position applying stress scenarios. The Group believes that it has taken into account all the possible impact of known events arising from COVID-19 pandemic in the preparation of the financial statements.

The Group has further assessed the recoverability and carrying value of its assets comprising Investments, Property, Plant and Equipment, Intangible assets and other assets as at balance sheet date, and has concluded that there are no material adjustments required in the financial Statements, other than those already considered. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration. The Group will continue to monitor any material changes to future economic conditions.

56. CHANGES IN ACCOUNTING POLICY

Impact on the financial statements - lease accounting

The Company has adopted Ind AS 116 retrospectively from April 1, 2019, but has not restated comparative for the year ended March 31, 2019, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on April 1, 2019.

On adoption of Ind AS 116, the Company recognised lease liabilities in relation to leases which had previously being classified as 'Operating Leases' under the principles of IND AS 17, Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of April 1, 2019. To determine the incremental borrowing rate, the Company uses a indicative AAA equivalent borrowing rate.

i) Practical expedients applied

In applying Ind AS 116 for the first time, the Company has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonable similar characteristics
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review - there were no onerous contracts as at April 1, 2019
- accounting for operating leases with remaining lease term of less than 12 months as at April 1, 2019 as short-term leases
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Company has elected not the reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Company relied on its assessment made applying Ind AS 17 and Appendix C to Ind AS 17, Determining whether an arrangement contains a Lease.

ii) Measurement of lease liabilities and right-of-use assets

The associated lease liabilities and right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied.

iii) Adjustments recognised in the balance sheet on April 1, 2019

The changes in accounting policy affected the following items in the balance sheet on April 1, 2019:

- property, plant and equipment - decrease by Rs. 0.27 crores
- right-of-use assets - increase by Rs. 18.07 crores
- deferred tax assets (net) - increase by Rs. 0.77 crores
- prepayments - decrease by Rs. 0.82 crores
- lease liabilities - increase by Rs. 19.31 crores
- security deposit - decrease by Rs. 0.65 crores

The net impact on retained earnings on April 1, 2019 was decrease of Rs. 2.21 crores

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

Russell I. Parera
Partner
Membership Number : 42190

Mumbai, June 25, 2020

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

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

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

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

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