

IDFC Capital Limited

BOARD OF DIRECTORS

- Dr. Rajiv B. Lall
Chairman
- Mr. Vikram Limaye
- Mr. Naishadh Paleja
- Mr. Sunil Kakar
- Mr. Sadashiv Rao
- Dr. Rajeev Uberoi
- Mr. Pathik Gandotra

AUDITORS

- Deloitte Haskins & Sells
Chartered Accountants

PRINCIPAL BANKERS

- HDFC Bank Limited

REGISTERED OFFICE

Naman Chambers, C-32, G-Block,
Bandra-Kurla Complex, Bandra (East),
Mumbai - 400 051
TEL +91 22 66222600
FAX +91 22 66222501
WEBSITE www.idfccapital.com

TO THE MEMBERS

Your directors have pleasure in presenting the Sixteenth Annual Report together with the audited accounts for the year ended March 31, 2011.

FINANCIAL OVERVIEW

The fund raising momentum continued during better part of the year with hectic activity on both debt and equity front. This led to 27% year on year increase in fee based revenues of your Company.

Your Company confirmed its position as a dominant capital market player while ending the year as the 3rd largest investment bank by number of deals (14) and the 2nd largest investment bank by equity capital raised (₹ 13,819 Crore) (Prime Database) for the private sector. Your Company was ranked # 1 for equity issuances through the Qualified Institutional Placement (QIP) route with successful closure of 9 deals leading to fund raising of ₹ 9,534 Crore. On the debt syndication front, we raised over ₹ 10,000 Crore in 7 transactions and were the 5th largest Lead Arranger of Debt in India for Financial Year 2011 (Bloomberg). During the year your Company also had robust performance on the fund raising through the private equity route.

Notwithstanding the growth in revenues, the profitability was under pressure because of confluence of various factors like fee yields at an all time low, clients reluctant to pay 'fair fees', too many industry players and rising manpower costs.

OUTLOOK

The macro environment for fund raising is expected to be challenging in Financial Year 2012. The investor response to the recent equity issuances has not been positive. Considering the inflation concern and rising interest costs, the performance of the corporate sector is expected to be impacted during the year. Keeping in mind these constraints, your Company will focus on the larger product portfolio and provide appropriate solutions to the clients depending on their requirements.

FINANCIAL RESULTS

₹ (IN MILLION)

| | FOR THE YEAR ENDED MARCH 31, 2011 | FOR THE YEAR ENDED MARCH 31, 2010 |
|------------------------------------|---|---|
| Total Income | 1,037.45 | 847.84 |
| Less: Total Expenses | 588.38 | 407.82 |
| Profit/(Loss) before Tax | 449.07 | 440.02 |
| Less: Provision for Tax | 143.17 | 158.83 |
| Profit/(Loss) after Tax | 305.90 | 281.19 |
| Add: Profit/(Loss) brought forward | 676.22 | 395.03 |
| Profit/(Loss) carried forward | 982.12 | 676.22 |

SUBSIDIARY COMPANIES

IDFC Capital Limited has three wholly owned subsidiary companies namely, IDFC Capital (Singapore) Pte. Limited, IDFC General Partners Limited and IDFC Fund of Funds Limited.

As required under the provisions of Section 212 of the Companies Act, 1956, a statement of holding company's interest in the subsidiary companies is attached to this report.

DIVIDEND

The Directors do not recommend any dividend for the year ended March 31, 2011.

DIRECTORS

Mr. Sadashiv Rao and Dr. Rajeev Uberoi were appointed as Additional Directors with effect from July 28, 2010.

Mr. Mahendra Shah resigned with effect from July 28, 2010.

Mr. L. K. Narayan resigned on March 24, 2011 and the Board by passing circular resolution approved appointment of Mr. Sunil Kakar with effect from March 24, 2011.

The Board placed on record its sincere appreciation for the valuable contribution made by the outgoing Directors during their tenure as Director of the Company.

Mr. Pathik Gandotra and Mr. Vikram Limaye are retiring by rotation and being eligible, offer themselves for re-appointment at the ensuing Annual General Meeting.

The Board of Directors recommends appointment/re-appointment of all the above Directors at the ensuing Annual General Meeting.

AUDIT COMMITTEE

The Audit Committee was re-constituted during the year and comprises of the following Directors as its Members:

Mr. Sunil Kakar, Chairman,

Mr. Naishadh Paleja, Member

Dr. Rajeev Uberoi, Member

The Audit Committee met four times during the year under review.

AUDITORS

M/s. Deloitte Haskins & Sells, Chartered Accountants, Mumbai will retire as the statutory auditors of the Company at the ensuing Annual General Meeting. They have expressed their unwillingness to be re-appointed as the statutory auditors and have given the notice in terms of Section 224(2)(b) of the Companies Act, 1956 for the same. The Board of Directors has placed on record its sincere appreciation for the professional service rendered by M/s. Deloitte Haskins & Sells, Chartered Accountants, Mumbai as statutory auditors.

In view of this, the Board has proposed the appointment of Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad, as statutory auditors for the financial year ending March 31, 2012.

As required under the provisions of Section 224 of the Companies Act, 1956 the Company has obtained a written confirmation from the Auditors proposed to be appointed to the effect that their appointment, if made, would be in conformity with the provisions of Sections 224 and 226 of the Companies Act, 1956. The shareholders are requested to appoint the auditors and fix their remuneration.

FOREIGN EXCHANGE

The particulars regarding foreign exchange earnings and expenditure are furnished at Item No. 6 in the Notes to the Accounts.

PERSONNEL AND OTHER MATTERS

As required by the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, names and other particulars of employees are set out in the annexure to the Directors' Report.

Since the Company does not own any manufacturing facility, the disclosure of information on other matters required to be disclosed in terms of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988, are not applicable and hence not given.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that:

- the applicable accounting standards have been followed in the preparation of the annual accounts and that there are no material departures;
- they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at March 31, 2011 and the profit or loss of the Company for the year ended on that date;

- they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and detecting fraud and other irregularities; and
- they have prepared annual accounts on a going concern basis.

ACKNOWLEDGEMENTS

The Board wishes to thank the clients, Banks, Securities & Exchange Board of India and other regulatory and statutory authorities for their continued support to your Company. The Directors also express their gratitude for the unstinted support and guidance received from Infrastructure Development Finance Company Limited (IDFC), the parent organisation, and also other group companies. The Board also places on record its appreciation for the sincere efforts of the staff.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

RAJIV B. LALL

Chairman

Mumbai

April 26, 2011

To The Members of IDFC Capital Limited

1. We have audited the attached Balance Sheet of IDFC CAPITAL LIMITED as at March 31, 2011, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:
 - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

- (d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
 - (e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;
 - (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of the written representations received from the Directors as on March 31, 2011 taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2011 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

FOR DELOITTE HASKINS & SELLS

Chartered Accountants
Reg. No. 117366W

NALIN M. SHAH
Partner
(Membership No. 15860)

Mumbai
April 26, 2011

(Referred to in paragraph 3 of our report of even date)

- (i) Having regard to the nature of the Company's business/activities/result and transactions, etc., clauses (ii), (vi), (viii), (x), (xi), (xii), (xiii), (xv), (xvi), (xviii), (xix) and (xx) of CARO are not applicable.
- (ii) In respect of its fixed assets:
- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
- (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) The fixed assets disposed of during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (iii) The Company has neither granted nor taken any loan, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of fixed assets and the sale of services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (v) To the best of our knowledge and belief and according to the information and explanations given to us, there were no contracts or arrangements that needed to be entered in the Register maintained under Section 301 of the Companies Act, 1956.
- (vi) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- (vii) According to the information and explanations given to us in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Income-tax, Service Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Income-tax, Service tax and other material statutory dues in arrears as at March 31, 2011 for a period of more than six months from the date they became payable.
- (c) Details of dues of Income-tax which have not been deposited as on March 31, 2011 on account of disputes are given below:

| STATUTE | NATURE OF DUES | FORUM WHERE DISPUTE IS PENDING | PERIOD TO WHICH THE AMOUNT RELATES | AMOUNT INVOLVED ₹ |
|----------------------|----------------|--------------------------------|------------------------------------|-------------------|
| Income-tax Act, 1961 | Income Tax | Income Tax Appellate Tribunal | A.Y. 2002-03 | 188,316 |
| | | CIT(A) | A.Y. 2007-08 | 100,807 |

(viii) Based on our examination of the records and evaluations of the related internal controls, the Company has maintained proper records of the transactions and contracts in respect of its dealing in mutual fund investments and timely entries have been made therein. The aforesaid securities have been held by the Company in its own name.

(ix) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long-term investment.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by or on the Company has been noticed or reported during the year.

FOR DELOITTE HASKINS & SELLS

Chartered Accountants
Reg. No. 117366W

NALIN M. SHAH

Partner
(Membership No. 15860)

Mumbai
April 26, 2011

BALANCE SHEET

AS AT MARCH 31, 2011

| | | ₹ | ₹ | ₹ |
|---|----------|-------------|----------------------|----------------------|
| | SCHEDULE | | AS AT MARCH 31, 2011 | AS AT MARCH 31, 2010 |
| SOURCES OF FUNDS | | | | |
| Shareholders' Funds | | | | |
| Share Capital | 1 | | 60,352,200 | 60,352,200 |
| Reserves and Surplus | 2 | | 1,083,223,454 | 777,321,619 |
| | | | 1,143,575,654 | 837,673,819 |
| APPLICATION OF FUNDS | | | | |
| Fixed Assets | | | | |
| Gross Block | 3 | 9,794,001 | | 9,473,959 |
| Less: Depreciation and Amortisation | | 6,584,365 | | 6,000,733 |
| Net Block | | | 3,209,636 | 3,473,226 |
| Investments | 4 | | 1,003,261,132 | 587,797,242 |
| Deferred Tax Asset (See Schedule 14 Note 9) | | | 12,900,000 | 3,750,000 |
| Current Assets, Loans and Advances | | | | |
| Sundry Debtors | 5 | 390,565,717 | | 202,913,006 |
| Cash and Bank Balances | 6 | 82,663,780 | | 325,959,039 |
| Loans and Advances | 7 | 15,855,186 | | 10,812,449 |
| | | | 489,084,683 | 539,684,494 |
| Less: Current Liabilities and Provisions | | | | |
| Current Liabilities | 8 | 362,446,850 | | 289,277,128 |
| Provisions | 9 | 2,432,947 | | 7,754,015 |
| | | | 364,879,797 | 297,031,143 |
| Net Current Assets | | | 124,204,886 | 242,653,351 |
| | | | 1,143,575,654 | 837,673,819 |
| Notes to the Accounts | 14 | | | |

Schedules 1 to 14 form an integral part of the Accounts

IN TERMS OF OUR REPORT ATTACHED

FOR DELOITTE HASKINS & SELLS

Chartered Accountants

FOR AND ON BEHALF OF THE BOARD

NALIN M. SHAH

Partner

VIKRAM LIMAYE

Director

NAISHADH PALEJA

Whole-time Director

NARENDRA GANGAN

Company Secretary

Mumbai | April 26, 2011

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED MARCH 31, 2011

| | | ₹ | ₹ | ₹ |
|---|------------|-------------|------------------------------------|------------------------------------|
| | SCHEDULE ↘ | | APRIL 1, 2010 TO MARCH 31, 2011 | APRIL 1, 2009 TO MARCH 31, 2010 |
| INCOME | | | | |
| Investment Banking Fees (See Schedule 14 Note 4) | | | 1,030,599,770 | 813,957,873 |
| Other Income | 10 | | 6,851,237 | 33,880,623 |
| | | | 1,037,451,007 | 847,838,496 |
| EXPENDITURE | | | | |
| Staff Expenses | 11 | 432,148,976 | | 351,201,800 |
| Establishment Expenses | 12 | 1,298,929 | | 16,242,202 |
| Other Expenses | 13 | 151,268,398 | | 38,064,111 |
| Provision for Doubtful Debts | | 2,067,220 | | 347,369 |
| Depreciation and Amortisation | | 1,594,892 | | 1,962,346 |
| | | | 588,378,415 | 407,817,827 |
| PROFIT BEFORE TAXATION | | | 449,072,592 | 440,020,668 |
| Less: Provision for Taxation | | | | |
| Current Tax | | 152,200,000 | | 144,700,000 |
| Deferred Tax (See Schedule 14 Note 9) | | (9,150,000) | | 14,750,000 |
| Short/(Excess) provision for Income Tax | | 120,757 | | (616,563) |
| | | | 143,170,757 | 158,833,437 |
| PROFIT AFTER TAXATION | | | 305,901,835 | 281,187,231 |
| Add: Balance as per last Balance Sheet | | | 676,221,619 | 395,034,388 |
| AVAILABLE FOR APPROPRIATION | | | 982,123,454 | 676,221,619 |
| Earnings per share (Face Value ₹ 10) (See Schedule 14 Note 8) | | | | |
| Basic and Diluted | | | 50.69 | 46.59 |
| Notes to the Accounts | 14 | | | |
| Schedules 1 to 14 form an integral part of the Accounts | | | | |

IN TERMS OF OUR REPORT ATTACHED

FOR DELOITTE HASKINS & SELLS

Chartered Accountants

NALIN M. SHAH

Partner

FOR AND ON BEHALF OF THE BOARD

VIKRAM LIMAYE

Director

NAISHADH PALEJA

Whole-time Director

NARENDRA GANGAN

Company Secretary

Mumbai | April 26, 2011

CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2011

| | | ₹ | ₹ |
|---|-----------|------------------------------------|------------------------------------|
| | | APRIL 1, 2010 TO MARCH 31, 2011 | APRIL 1, 2009 TO MARCH 31, 2010 |
| CASH FLOW FROM OPERATING ACTIVITIES: | | | |
| PROFIT BEFORE TAX | A | 449,072,592 | 440,020,668 |
| Adjustments for: | | | |
| Depreciation and Amortisation | | 1,594,892 | 1,962,346 |
| Interest Income | | (1,779,373) | (28,397,383) |
| Provision for Gratuity | | (715,353) | 1,325,414 |
| Provision for Doubtful Debtors | | 1,719,851 | (12,557,941) |
| Dividend Income | | (4,903,278) | (5,483,240) |
| Profit on sale of Current Investments | | (34,286) | - |
| Loss on Sale/Discarding of Fixed Assets | | 36,089 | 1,197,363 |
| | B | (4,081,458) | (41,953,441) |
| OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES | C = A + B | 444,991,134 | 398,067,227 |
| Change in: | | | |
| Sundry Debtors | | (189,372,562) | (149,166,881) |
| Loans and Advances | | 2,440,618 | 7,522,352 |
| Current Liabilities | | 73,169,721 | 150,233,900 |
| | D | (113,762,223) | 8,589,371 |
| Cash generated from Operations | E = C + D | 331,228,911 | 406,656,598 |
| Taxes Paid | | (164,409,826) | (117,077,718) |
| NET CASH FROM OPERATING ACTIVITIES | F | 166,819,085 | 289,578,880 |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Purchase of Fixed Assets | | (1,382,441) | (2,048,207) |
| Proceeds from Sale of Fixed Assets | | 15,050 | - |
| Fixed Deposit with Scheduled Banks under Lien | | 291,533,838 | 8,466,162 |
| Purchase of Investments - subsidiary companies | | (383,840,136) | (406,772,336) |
| Purchase of Investments - others | | (1,274,102,166) | (1,001,519,203) |
| Proceeds from Sale of Investments - others | | 1,242,512,698 | 1,105,035,963 |
| Interest received | | 1,779,373 | 28,397,383 |
| Dividend received | | 4,903,278 | 5,483,240 |
| NET CASH USED IN INVESTING ACTIVITIES | G | (118,580,506) | (262,956,998) |
| NET INCREASE IN CASH EQUIVALENTS | I = F + G | 48,238,579 | 26,621,882 |
| INCREASE/(DECREASE) IN CASH EQUIVALENTS | | | |
| Cash and Cash Equivalents, as at the beginning of the year (see Note below) | | 34,425,201 | 7,803,319 |
| Cash and Cash Equivalents, as at the end of the year (see Note below) | | 82,663,780 | 34,425,201 |
| | | 48,238,579 | 26,621,882 |
| Note: | | | |
| Cash and Cash Equivalents as per Schedule 6 | | 82,663,780 | 325,959,039 |
| Less: Fixed Deposits Under Lien | | - | 291,533,838 |
| Cash and Cash Equivalents as above | | 82,663,780 | 34,425,201 |

IN TERMS OF OUR REPORT ATTACHED

FOR DELOITTE HASKINS & SELLS

Chartered Accountants

FOR AND ON BEHALF OF THE BOARD

NALIN M. SHAH
Partner

VIKRAM LIMAYE
Director

NAISHADH PALEJA
Whole-time Director

Mumbai | April 26, 2011

NARENDRA GANGAN
Company Secretary

SCHEDULE 1 Share Capital

| | ₹ | ₹ |
|--|----------------------|----------------------|
| | AS AT MARCH 31, 2011 | AS AT MARCH 31, 2010 |
| AUTHORISED: | | |
| 7,000,000 equity shares of ₹ 10/- each | 70,000,000 | 70,000,000 |
| | 70,000,000 | 70,000,000 |
| ISSUED, SUBSCRIBED AND PAID-UP: | | |
| 6,035,220 equity shares of ₹ 10/- each, fully paid | 60,352,200 | 60,352,200 |
| [All of the above Equity Shares are held by IDFC Securities Limited, The holding company and its nominees. The Ultimate Holding Company is Infrastructure Development Finance Company Limited] | 60,352,200 | 60,352,200 |

SCHEDULE 2 Reserves and Surplus

| | ₹ | ₹ |
|----------------------------|----------------------|----------------------|
| | AS AT MARCH 31, 2011 | AS AT MARCH 31, 2010 |
| Securities Premium Account | 101,100,000 | 101,100,000 |
| Profit and Loss Account | 982,123,454 | 676,221,619 |
| | 1,083,223,454 | 777,321,619 |

SCHEDULE 3 Fixed Assets

| DESCRIPTION | GROSS BLOCK | | | DEPRECIATION AND AMORTISATION | | | | NET BLOCK | | |
|-------------------|---------------------|------------------|------------------|-------------------------------|---------------------|---------------------|------------------|----------------------|----------------------|----------------------|
| | As at April 1, 2010 | Additions | Deletions | As at March 31, 2011 | As at April 1, 2010 | Charge for the year | Deletions | As at March 31, 2011 | As at March 31, 2011 | As at March 31, 2010 |
| TANGIBLE | | | | | | | | | | |
| Office Equipments | 3,228,828 | 583,416 | 508,909 | 3,303,335 | 2,232,344 | 389,273 | 487,353 | 2,134,264 | 1,169,071 | 996,484 |
| Computer Hardware | 5,533,200 | 740,113 | 553,490 | 5,719,823 | 3,544,160 | 967,879 | 523,907 | 3,988,132 | 1,731,691 | 1,989,040 |
| INTANGIBLE | | | | | | | | | | |
| Computer Software | 711,931 | 58,912 | - | 770,843 | 224,229 | 237,740 | - | 461,969 | 308,874 | 487,702 |
| Total | 9,473,959 | 1,382,441 | 1,062,399 | 9,794,001 | 6,000,733 | 1,594,892 | 1,011,260 | 6,584,365 | 3,209,636 | 3,473,226 |
| Previous Year | 13,796,060 | 2,048,207 | 6,370,308 | 9,473,959 | 9,211,334 | 1,962,346 | 5,172,947 | 6,000,733 | 3,473,226 | |

| SCHEDULE 4 Investments (Unquoted) | | ₹ | ₹ |
|--|-------------------------|----------------------|----------------------|
| | | AS AT MARCH 31, 2011 | AS AT MARCH 31, 2010 |
| I. LONG-TERM | | | |
| EQUITY SHARES (FULLY PAID) | | | |
| | NUMBER OF SHARES | FACE VALUE | |
| | | ₹ | |
| SUBSIDIARIES (TRADE) | | | |
| IDFC Capital (Singapore) Pte Ltd. (4,315,000 Shares purchased during the year) | 10,970,000 | SGD 1 | 367,380,570 |
| IDFC Fund of Funds Limited (5,072,207.38 Shares purchased during the year) | 11,577,711.56 | USD 1 | 536,826,562 |
| IDFC General Partners Limited | 10,000 | USD 1.65 | 769,725 |
| OTHERS | | | |
| Epsilon Advisers Private Limited | 1,250,000 | 10 | 15,135,000 |
| SSIPL Retail Private Limited | 121,840 | 10 | 20,585,060 |
| | | | 940,696,917 |
| | | | 556,856,781 |
| II. CURRENT (NON-TRADE) | | | |
| MUTUAL FUNDS UNITS | | | |
| | NUMBER OF UNITS | FACE VALUE | |
| | | ₹ | |
| IDFC Money Manager Fund Treasury Plan C Daily Dividend [Net Asset Value ₹ NIL (Previous Year ₹ 46,075,461)] | | | - |
| IDFC Money Manager Fund-Treasury Plan A-Growth [Net Asset Value ₹ 17,500,000 (Previous year ₹ Nil)] | 1,112,078.44 | 10 | 17,500,000 |
| IDFC Cash Fund-Super Inst Plan C-Growth [Net Asset Value ₹ 60,215,876 (Previous year ₹ Nil)] | 5,048,702.62 | 10 | 60,199,215 |
| | | | 77,699,215 |
| | | | 46,075,461 |
| TOTAL INVESTMENTS | | | 1,018,396,132 |
| Less: Provision for Diminution in value of Investments | | | (15,135,000) |
| | | | 1,003,261,132 |
| | | | 587,797,242 |

| SCHEDULE 5 Sundry Debtors (Unsecured) | | ₹ | ₹ |
|---------------------------------------|-------------|----------------------|----------------------|
| | | AS AT MARCH 31, 2011 | AS AT MARCH 31, 2010 |
| CONSIDERED GOOD | | | |
| Over six months | 86,783,502 | | 67,277 |
| Others | 303,782,215 | | 202,845,729 |
| | | 390,565,717 | 202,913,006 |
| CONSIDERED DOUBTFUL | | | |
| Over six months | | 6,508,896 | 4,789,045 |
| | | 397,074,613 | 207,702,051 |
| Less: Provision for Doubtful Debts | | 6,508,896 | 4,789,045 |
| | | 390,565,717 | 202,913,006 |

| SCHEDULE 6 Cash and Bank Balances | | ₹ | ₹ |
|--|------------|----------------------|----------------------|
| | | AS AT MARCH 31, 2011 | AS AT MARCH 31, 2010 |
| Cash | | 37,778 | 46,365 |
| Cheques on Hand | | 28,833 | - |
| BALANCE WITH SCHEDULED BANKS | | | |
| - in Current Accounts | 82,597,169 | | 34,378,836 |
| - in Deposit Accounts (See Schedule 14 Note 3) | - | | 291,533,838 |
| | | 82,597,169 | 325,912,674 |
| | | 82,663,780 | 325,959,039 |

| SCHEDULE 7 Loans and Advances (Unsecured, Considered Good) | ₹ | |
|---|----------------------|----------------------|
| | AS AT MARCH 31, 2011 | AS AT MARCH 31, 2010 |
| Interest accrued on Deposits | - | 7,178,496 |
| Advance payment of Income Tax (Net of provision) | 7,483,354 | - |
| Advances recoverable in cash or in kind or for value to be received | 8,371,832 | 3,382,953 |
| Other Deposits | - | 251,000 |
| | 15,855,186 | 10,812,449 |

| SCHEDULE 8 Current Liabilities | ₹ | |
|---|----------------------|----------------------|
| | AS AT MARCH 31, 2011 | AS AT MARCH 31, 2010 |
| Sundry Creditors - Other than Micro and Small Enterprises (See Schedule 14 Note 12) | 316,864,107 | 252,713,173 |
| Other Liabilities | 45,582,743 | 36,563,955 |
| | 362,446,850 | 289,277,128 |

| SCHEDULE 9 Provisions | ₹ | |
|--|----------------------|----------------------|
| | AS AT MARCH 31, 2011 | AS AT MARCH 31, 2010 |
| Provision for Income Tax (Net of Advance Tax) | - | 4,605,715 |
| Provision for Employee Benefits (See Schedule 14 Note 5) | 2,432,947 | 3,148,300 |
| | 2,432,947 | 7,754,015 |

| SCHEDULE 10 Other Income | ₹ | |
|--|---------------------------------|---------------------------------|
| | APRIL 1, 2010 TO MARCH 31, 2011 | APRIL 1, 2009 TO MARCH 31, 2010 |
| Dividend on Current Investments (Non-Trade) | 4,903,278 | 5,483,240 |
| Miscellaneous Income | 134,300 | - |
| Profit on sale of Current Investments | 34,286 | - |
| Interest on Bank Deposits [Tax Deducted at source ₹ 173,363 (Previous Year ₹ 3,202,620)] | 1,779,373 | 28,397,383 |
| | 6,851,237 | 33,880,623 |

| SCHEDULE 11 Staff Expenses | ₹ | |
|---|---------------------------------|---------------------------------|
| | APRIL 1, 2010 TO MARCH 31, 2011 | APRIL 1, 2009 TO MARCH 31, 2010 |
| Salaries, Wages and Bonus | 415,517,638 | 340,422,024 |
| Contribution to Provident and Other Funds (See Schedule 14 Note 5) [Including Provision for Gratuity ₹ 6,184,647 (Previous Year ₹ 2,180,724)] | 14,581,741 | 9,448,173 |
| Staff Welfare Expenses | 2,049,597 | 1,331,603 |
| | 432,148,976 | 351,201,800 |

| SCHEDULE 12 Establishment Expenses | ₹ | |
|------------------------------------|---------------------------------|---------------------------------|
| | APRIL 1, 2010 TO MARCH 31, 2011 | APRIL 1, 2009 TO MARCH 31, 2010 |
| Rent | - | 13,648,800 |
| Rates & Taxes | - | 353,870 |
| Electricity | - | 1,108,701 |
| Repairs and Maintenance | | |
| Building | - | 3,365 |
| Equipments | 1,180,579 | 799,384 |
| Others | 118,350 | 249,412 |
| Insurance Charges | - | 78,670 |
| | 1,298,929 | 16,242,202 |

SCHEDULE 13 Other Expenses

| | ₹ | ₹ |
|---|------------------------------------|------------------------------------|
| | APRIL 1, 2010 TO MARCH 31, 2011 | APRIL 1, 2009 TO MARCH 31, 2010 |
| Travelling and Conveyance | 21,068,136 | 17,410,259 |
| Postage, Telephone and Telex | 3,105,362 | 2,105,443 |
| Advertising and Publicity | 3,996,275 | 853,818 |
| Professional Fees | 46,178,902 | 7,746,798 |
| Printing & Stationery | 12,358,754 | - |
| Loss on Foreign Exchange Fluctuation (Net) | 3,434 | 7,098 |
| Loss on Sale/Discarding of Fixed Assets (Net) | 36,089 | 1,197,363 |
| Bank Charges | 4,344 | 84,458 |
| Miscellaneous Expenses | 17,841,659 | 5,032,063 |
| Auditors' Remuneration (See Schedule 14 Note 7) | 2,325,000 | 2,375,000 |
| Bad Debts | 19,114,443 | 1,251,811 |
| Shared Services Costs | 25,236,000 | - |
| | 151,268,398 | 38,064,111 |

BACKGROUND

IDFC Capital Limited is a wholly-owned subsidiary of IDFC Securities Limited. Infrastructure Development Finance Company Limited ("IDFC") is the ultimate holding company.

The Company is a Category I Merchant Banker registered with the Securities & Exchange Board of India (SEBI).

1 Significant Accounting Policies**A. Accounting convention**

These accounts have been prepared in accordance with historical cost convention, applicable Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956.

B. Use of estimates

The Company adopts the accrual concept in the preparation of the accounts. The preparation of financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

C. Inflation

Assets and liabilities are recorded at historical cost to the Company. These costs are not adjusted to reflect the changing value in the purchasing power of money.

D. Revenue recognition

- (a) Income from fee-based activities is recognised on the basis of terms of contracts with the clients and when reasonable right of recovery is established and is accounted net of service tax.
- (b) Interest income is recognised on an accrual basis.
- (c) Dividend is recognised when the right to receive is established.

E. Fixed assets and Intangible assets

Fixed assets are stated at cost of acquisition, including any cost attributable for bringing the asset to its working condition, less accumulated depreciation. Intangible assets comprising of system software are stated at cost of acquisition, including any cost attributable for bringing the asset to its working condition, less accumulated amortisation. Any technology support cost or annual maintenance cost for such software is charged annually to the Profit and Loss Account.

F. Depreciation**■ Tangible Assets**

Depreciation on Fixed Assets, excluding certain electronic items, is provided on the written down value method, at the rates prescribed by Schedule XIV of the Companies Act, 1956. Certain electronic items are depreciated over a period of two years on straight line method based on the Management's estimate of the useful life of assets. Depreciation on additions during the year is provided on a pro-rata basis. Assets costing less than ₹ 5,000 each are written off in the year of capitalisation.

■ Intangible Assets

Computer software is amortised over a period of 3 years by using straightline method.

The Company has regular programme of evaluating useful life of its assets.

G. Investments

Investments are classified into long-term investments and current investments. Investments which are intended to be held for more than one year are classified as long-term investments and investments which are intended to be held for less than one year are classified as current investments. Long-term investments are accounted at cost and any decline in the carrying value other than temporary in nature is provided for. Current investments are valued at cost or market/fair value, whichever is lower. In case of investments in units of mutual funds, the net asset value of units has been considered as the market value.

H. Employee benefits**DEFINED CONTRIBUTION PLANS**

- The Company's contribution to Provident Fund is deposited with the Regional Provident Fund Commissioner and is charged to the Profit and Loss Account every year.

- The Company participates in the Ultimate Holding Company's Superannuation policy, for future payments of Superannuation and the Company's contribution paid/payable during the year is charged to the Profit and Loss Account every year.

DEFINED BENEFIT PLAN

- The net present value of the Company's obligation towards Gratuity to employees is funded and actuarially determined as at the Balance Sheet date based on the Projected Unit Credit Method. Actuarial gains and losses are recognised in the Profit and Loss Account.

OTHER BENEFITS

- The employees are entitled to avail the leave encashment to the extent of 10 days of unutilised leave per annum. No leave is allowed to be carried forward to the next year.

I. Income Tax

The accounting treatment for income-tax in respect of the Company's income is based on the Accounting Standard 22 on 'Accounting for Taxes on Income' as notified by the Companies (Accounting Standards) Rules, 2006. The provision made for income-tax in the accounts comprises both, the current tax and the deferred tax. The deferred tax assets and liabilities for the year, arising on account of timing differences, are recognised in the Profit and Loss Account and the cumulative effect thereof is reflected in the Balance Sheet.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax asset is recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carried forward losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that the same can be realised against future taxable profits.

J. Contingencies

The Company creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

K. Foreign Currency Transactions

Foreign currency transactions are accounted at the exchange rates prevailing on the date of the transaction. Foreign currency monetary items outstanding as at the Balance Sheet date are reported using the closing rate. Gains and losses resulting from the settlement of such transactions and translation of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit and Loss Account.

2 Contingent liabilities not provided for in respect of:

| PARTICULARS | CURRENT YEAR (₹) | PREVIOUS YEAR (₹) |
|--|---------------------|----------------------|
| (a) Claims not acknowledged as debts in respect of: | | |
| Income-tax demands disputed by the Company (net of amounts provided). The matters in dispute are under appeal. The demands have been paid/adjusted and will be received as refund if the matters are decided in favour of the Company. | 7,185,161 | 188,316 |

3 Balances in Banks in Fixed Deposits include ₹ Nil (Previous year ₹ 291,533,838) which are pledged with HDFC Bank Ltd. for securing short-term overdraft facilities to be availed by the Holding Company, IDFC Securities Limited for settlement of institutional trades and margin.

4 (a) The Company has an arrangement with the holding company, IDFC Securities Limited to avail of research, financial advisory and other distribution services on some of the assignment/mandates. In consideration of these services, the Company shares the success fees received from the clients in the ratio mutually agreed upon. An amount of ₹ 236,237,605 (Previous year ₹ 254,042,007) has been shared during the year in respect of the above services with the Holding Company.

(b) The Company also has an arrangement with IDFC Limited, for its Debt Syndication business on some of the assignments/mandates. In consideration of these services, the Company receives a share from IDFC Limited in the ratio mutually agreed upon. An amount of ₹ 162,031,602 (Previous year ₹ 112,439,500) has been shared during the year in respect of the above services.

5 Employee Benefits:

In accordance with Accounting Standard - 15 on "Employee Benefits", notified by the Companies (Accounting Standards) Rules, 2006, the following disclosures have been made:

- (i) The Company has recognised the following amounts in the Profit and Loss Account towards contribution to defined contribution plans which are included under Contribution to Provident and Other Funds:

| PARTICULARS | CURRENT YEAR | PREVIOUS YEAR |
|---------------------|--------------|---------------|
| | (₹) | (₹) |
| Provident Fund | 8,138,760 | 6,704,949 |
| Superannuation Fund | 258,334 | 562,500 |

(ii) The details of the Company's post-retirement benefit plans for gratuity for its employees are given below, which is certified by the actuary and relied upon by the auditors:

| PARTICULARS | (₹) | |
|---|----------------|----------------|
| | AS AT 31.03.11 | AS AT 31.03.10 |
| CHANGE IN THE BENEFIT OBLIGATIONS: | | |
| Liability at the beginning of the year | 6,102,901 | 3,773,094 |
| Current Service Cost | 5,444,630 | 3,460,520 |
| Interest Cost | 910,202 | 578,689 |
| Actuarial Gain | (1,830,897) | (1,709,402) |
| Past Service Cost | 2,627,296 | - |
| Liability at the end of the year | 13,254,132 | 6,102,901 |
| FAIR VALUE OF PLAN ASSETS: | | |
| Fair Value of Plan Assets at the beginning of the year | 2,954,601 | 1,950,208 |
| Expected Return on Plan Assets | 411,530 | 237,575 |
| Contributions | 6,900,000 | 855,310 |
| Actuarial Loss on Plan Assets | (328,063) | (88,492) |
| Fair Value of Plan Assets at the end of the year | 9,938,068 | 2,954,601 |
| Total Actuarial Gain to be recognised | 1,502,834 | 1,620,910 |
| ACTUAL RETURN ON PLAN ASSETS: | | |
| Expected Return on Plan Assets | 411,530 | 237,575 |
| Actuarial Loss on Plan Assets | 328,063 | 88,492 |
| Actual Return on Plan Assets | 83,467 | 149,083 |
| AMOUNT RECOGNISED IN THE BALANCE SHEET: | | |
| Liability at the end of the year | 13,254,132 | 6,102,901 |
| Fair Value of Plan Assets at the end of the year | 9,938,068 | 2,954,601 |
| Unrecognised Past Service Cost | 883,117 | - |
| Amount recognised in the Balance Sheet under "Provision for Employee Benefits" | 2,432,947 | 3,148,300 |
| EXPENSES RECOGNISED IN THE PROFIT AND LOSS ACCOUNT UNDER STAFF EXPENSES: | | |
| Current Service Cost | 5,444,630 | 3,460,520 |
| Interest Cost | 910,202 | 578,689 |
| Expected Return on Plan Assets | (411,530) | 237,575 |
| Net Actuarial Gain to be recognised | (1,502,834) | 1,620,910 |
| Past Service Cost | 1,744,179 | - |
| Expense recognised in the Profit and Loss Account under staff expenses | 6,184,647 | 2,180,724 |
| RECONCILIATION OF THE LIABILITY RECOGNISED IN THE BALANCE SHEET: | | |
| Opening Net Liability | 3,148,300 | 1,822,886 |
| Expense recognised | 6,184,647 | 2,180,724 |
| Contributions | 6,900,000 | 855,310 |
| Amount recognised in the Balance Sheet under "Provision for Employee Benefits" | 2,432,947 | 3,148,300 |
| Expected Employer's Contribution next year | 5,000,000 | 5,000,000 |

| PARTICULARS | AS AT 31.03.11 | AS AT 31.03.10 | AS AT 31.03.09 | AS AT 31.03.08 |
|---|----------------|----------------|----------------|----------------|
| | (₹) | (₹) | (₹) | (₹) |
| EXPERIENCE ADJUSTMENTS | | | | |
| Defined Benefit Obligation | 13,254,132 | 6,102,901 | 3,773,094 | 2,303,690 |
| Plan Assets | 9,938,068 | 2,954,601 | 1,950,208 | 909,125 |
| Deficit | (3,316,064) | (3,148,300) | (1,822,886) | (1,393,965) |
| Experience Adjustment on Plan Liabilities | (1,459,495) | (2,751,189) | (162,937) | - |
| Experience Adjustment on Plan Assets | (328,063) | (88,492) | (8,939) | - |

| PARTICULARS | AS AT 31.03.11 | AS AT 31.03.10 |
|------------------------|----------------|----------------|
| Investment Pattern | % | % |
| Insurer Managed Fund | 100 | 100 |
| Principal Assumptions | | |
| Discount rate | 8.30 | 8.10 |
| Return on Plan Assets | 8 | 8 |
| Salary Escalation Rate | 8 | 8 |

As the Gratuity fund is managed by Life Insurance Company details of investments are not available with the Company.

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

6 Expenditure in foreign currencies:

(₹)

| PARTICULARS | CURRENT YEAR | PREVIOUS YEAR |
|----------------------------------|--------------|---------------|
| Travelling Expenses | 938,050 | 782,990 |
| Other Professional fees | 1,205,774 | - |
| Membership and Subscription | 1,002,524 | - |
| Advertising & Business Promotion | 183,212 | - |
| Total | 3,329,560 | 782,990 |

Earnings in Foreign Currencies:

(₹)

| PARTICULARS | CURRENT YEAR | PREVIOUS YEAR |
|-------------------------|--------------|---------------|
| Investment Banking Fees | 108,063 | - |
| Total | 108,063 | - |

7 Auditors' Remuneration:

(₹)

| PARTICULARS | CURRENT YEAR | PREVIOUS YEAR |
|-----------------------------------|--------------|---------------|
| Audit Fees | 1,200,000 | 1,200,000 |
| Tax Audit Fees | 400,000 | 400,000 |
| Taxation Services | 100,000 | 200,000 |
| Other Services | 625,000 | 575,000 |
| Service Tax | 239,475 | 244,625 |
| Total | 2,564,475 | 2,619,625 |
| Less: Service Tax set off claimed | 239,475 | 244,625 |
| | 2,325,000 | 2,375,000 |

8 In accordance with Accounting Standard 20 on 'Earnings Per Share' as notified by the Companies (Accounting Standards) Rules, 2006, the Earnings Per Share has been computed as under:

| PARTICULARS | CURRENT YEAR | PREVIOUS YEAR |
|--|--------------|---------------|
| Net Profit attributable to equity shareholders (A) (₹) | 305,901,835 | 281,187,231 |
| Number of equity shares issued (B) | 6,035,220 | 6,035,220 |
| Basic and Diluted Earnings per share (EPS) [A/B] (₹) | 50.69 | 46.59 |

9 Deferred Tax:

As per Accounting Standard 22 relating to 'Accounting for Taxes on Income' as notified by the Companies (Accounting Standards) Rules, 2006, the Company has taken credit of ₹ 9,150,000 (Previous year Debit of ₹ 14,750,000) in the Profit and Loss Account towards deferred tax asset (net) on account of timing differences. The major components of deferred tax assets arising on account of timing differences are:

(₹)

| PARTICULARS | CURRENT YEAR | PREVIOUS YEAR |
|---------------------------|--------------|---------------|
| DEFERRED TAX ASSET | | |
| Depreciation | 943,261 | 1,071,083 |
| Provisions | 11,956,739 | 2,678,917 |
| Total | 12,900,000 | 3,750,000 |

10 Segment Reporting:

The Company is mainly engaged in Merchant Banking business in India, which is considered as the only reportable segment as per Accounting Standard 17 "Segment Reporting" as notified by the Companies (Accounting Standards) Rules, 2006.

11 Related party disclosures:

As per the Accounting Standard 18 on 'Related Party Disclosures' as notified by the Companies (Accounting Standards) Rules, 2006, the related parties of the Company are as follows:

I. ULTIMATE HOLDING COMPANY:

Infrastructure Development Finance Company Limited

II. HOLDING COMPANY:

IDFC Securities Limited

III. SUBSIDIARY COMPANIES:

IDFC Capital (Singapore) Pte. Limited

IDFC General Partners Limited

IDFC Fund of Funds Limited

IV. FELLOW SUBSIDIARY:

IDFC Asset Management Company Limited

Dheeru Powergen Limited (formerly Dheeru Powergen Private Limited)

There are no transactions with other fellow subsidiaries.

V. KEY MANAGEMENT PERSONNEL:

Mr. Naishadh Paleja – Whole-time Director

The nature and volume of transactions carried out with the above related parties in the ordinary course of business:

(₹)

| NAME OF RELATED PARTY AND NATURE OF RELATIONSHIP | PARTICULARS | CURRENT YEAR | PREVIOUS YEAR |
|--|----------------------|--------------|---------------|
| (A) HOLDING COMPANY | | | |
| IDFC Securities Limited | Fees Paid | 236,237,605 | 254,042,007 |
| | Fees Received | 5,899,459 | - |
| | Creditors | 60,130,715 | 25,291,596 |
| (B) ULTIMATE HOLDING COMPANY | | | |
| Infrastructure Development Finance Company Limited | Fees Received | 162,031,602 | 112,439,500 |
| | Shared Services Cost | 22,956,000 | - |
| (C) FELLOW SUBSIDIARY | | | |
| IDFC Asset Management Company Limited | Shared Services Cost | 2,280,000 | - |
| Dheeru Powergen Limited | Fees Received | 32,903,360 | - |
| (D) KEY MANAGEMENT PERSONNEL | | | |
| Mr. Naishadh Paleja | Remuneration Paid* | 45,111,111 | 34,566,667 |

* The Remuneration is paid by the Holding Company

12 There is no interest paid/payable during the year by the Company to suppliers covered under the Micro Small and Medium Enterprises Development Act, 2006. The above information takes into account only those suppliers who have responded to the enquiries made by the Company for this purpose.

13 Prior year comparatives:

The prior year comparatives have been regrouped, recasted and reclassified wherever necessary to confirm with current year's presentation.

FOR AND ON BEHALF OF THE BOARD

VIKRAM LIMAYE
Director

NAISHADH PALEJA
Whole-time Director

NARENDRA GANGAN
Company Secretary

Mumbai | April 26, 2011

I. REGISTRATION DETAILS

Registration No. U 6 7 1 9 0 M H 1 9 9 5 P L C 0 9 2 2 2 1
 State Code 1 1
 Balance Sheet Date 3 1 0 3 2 0 1 1

II. CAPITAL RAISED DURING THE YEAR (AMOUNT IN ₹ '000)

Public Issue
N I L

Right Issue
N I L

Bonus Issue
N I L

Private Placement
N I L

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN ₹ '000)

SOURCES OF FUNDS

Total Liabilities

1 1 4 3 5 7 5

Paid-up Capital

6 0 3 5 2

Secured Loans

N I L

APPLICATION OF FUNDS

Net Fixed Assets

3 2 0 9

Net Current Assets

1 2 4 2 0 5

Deferred Tax Asset (Net)

1 2 9 0 0

IV. PERFORMANCE OF THE COMPANY (AMOUNT IN ₹ '000)

Turnover/Income

1 0 3 7 4 5 1

Profit Before Tax

4 4 9 0 7 3

Earnings per Share (in ₹)

5 0 . 6 9

Total Assets

1 1 4 3 5 7 5

Reserves and Surplus

1 0 8 3 2 2 3

Unsecured Loans

N I L

Investments

1 0 0 3 2 6 1

Miscellaneous Expenditure

N I L

Total Expenditure

5 8 8 3 7 8

Profit After Tax

3 0 5 9 0 2

Dividend %

N I L

V. GENERIC NAMES OF PRINCIPAL SERVICES OF THE COMPANY (AS PER MONETARY TERMS)

Item Code No. (ITC Code)

N I L

Product Description

M E R C H A N T

B A N K I N G

| NAME OF SUBSIDIARY COMPANY | IDFC CAPITAL (SINGAPORE) PTE. LTD. | IDFC FUND OF FUNDS LIMITED | IDFC GENERAL PARTNERS LIMITED | EMERGING MARKETS PRIVATE EQUITY FUND LP |
|---|---------------------------------------|----------------------------------|----------------------------------|--|
| 1. Financial year of the Subsidiary Companies ended on | March 31, 2011 | March 31, 2011 | March 31, 2011 | March 31, 2011 |
| 2. Equity Shares | | | | |
| a) Number of Shares | 10,970,000 Shares of SGD 1 | 11,577,711.56 Shares of USD 1 | 10,000 Shares of USD 1.65 | 1 Share of USD 1 |
| b) Extent of Holding | 100% | 100% | 100% | 100% |
| 3. Net aggregate amount of Profit/(Losses) of the Subsidiary, so far as they concern members of IDFC Securities Limited | | | | |
| i. For the Financial Year of the Subsidiary | | | | |
| a) Dealt with in the accounts of the Holding Company. | Nil | Nil | Nil | Nil |
| b) Not dealt with in the accounts of the Holding Company. | (120,536,075) | (3,181,355) | Nil | (41,337,167) |
| ii. For the previous financial years of the Subsidiary since it became the Holding Company's Subsidiary. | | | | |
| a) Dealt with in the accounts of the Holding Company. | Nil | Nil | Nil | Nil |
| b) Not dealt with in the accounts of the Holding Company. | (110,802,874) | (1,153,369) | Nil | (88,356,762) |

FOR AND ON BEHALF OF THE BOARD

VIKRAM LIMAYE
Director

NAISHADH PALEJA
Whole-time Director