

IDFC Securities Limited

BOARD OF DIRECTORS

- Dr. Rajiv B. Lall
Chairman
- Mr. T. S. Bhattacharya
- Mr. Yuvraj Narayan
- Mr. Anil Singhvi
- Mr. Vikram Limaye
- Mr. Tapasije Mishra
- Mr. Sunil Kakar
- Mr. Sadashiv Rao
- Dr. Rajeev Uberoi

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 Eighteenth Annual Report together with the audited accounts for the year ended March 31, 2011.

FINANCIAL RESULTS

₹ (IN MILLION)

	FOR THE YEAR ENDED MARCH 31, 2011	FOR THE YEAR ENDED MARCH 31, 2010
Total Income	873.14	1,047.30
Less: Total Expenses	677.72	688.41
Profit/(Loss) before Tax	195.41	358.89
Less: Provision for Tax	46.27	122.23
Profit/(Loss) after Tax	149.14	236.66
Add: Profit/(Loss) brought forward	982.45	745.79
Profit available for Appropriation	1,131.59	982.45
APPROPRIATION		
General Reserve	14.92	-
Proposed Dividend	282.74	-
Tax on Dividend	45.87	-
Balance Carried Forward	788.06	982.45

OPERATIONAL REVIEW AND FUTURE OUTLOOK

The financial services sector is in the midst of a cyclical slowdown. While the fiscal and monetary stimulus-led recovery in GDP growth momentum of FY10 accelerated to 8.5% in FY11, the momentum has slipped to 7.8% in Q4 FY11 due to runaway inflation – and thereby the imperative for policy tightening – amidst other uncertainties. The capital markets, which typically track the sentiment in the broader economy, have also been under immense pressure. Extremely tight liquidity, government spending coming to a grind in 2H FY11 and apathy towards infra spending – with new project awards reduced to a trickle and execution taking a beating in the already-awarded ones – in the backdrop of a torrent of scams worsened the scenario. In terms of dynamics of the stockbroking business, revenue pool has been shrinking due to (i) the ever-escalating competitive intensity denting yields (commission rates) in both broking and investment banking businesses, (ii) lacklustre volumes, and (iii) an unaddressable proprietary book and P-Note market. Overall, the serious headwinds encountered on various fronts have led to Indian markets among the worst performers. This has meant a subdued year for the Company.

Going forward, inflation and interest rates remain the key monitorables as any sustainable uptick can stem only from a respite on these two counts. FII inflows as also major buying activity by domestic financial institutions will take some time to revive and as and when investor sentiment starts turning positive. The disappointing post-listing performance of IPOs has made investors extremely wary of taking fresh positions – more so as uncertainty seems to have become the order of the day. Our sense is investor focus would primarily be on private equity and other products like convertibles – at least for the next six months or so.

While these are serious issues to contend with, your Company is taking appropriate action to increase market share through a considerable scale-up in client servicing and a custom-made approach aligned with client needs. Scale-up of geographic distribution with a soon-to-be set-up US office and changes in the organisation structure to enhance focus on the broking business are some of the steps in this direction. Your Company has maintained its key competitive edge in the form of its quality research team with high rankings across various industry polls. Thus, your Company is well-equipped for the challenge.

SUBSIDIARY COMPANIES

IDFC Securities Ltd. has two direct wholly owned subsidiary companies – IDFC Capital Ltd. and IDFC Distribution Company Ltd. (earlier known as IDFC – SSKI Stock Broking Ltd.).

In addition IDFC Capital Ltd. has three wholly owned subsidiaries namely IDFC Capital (Singapore) Pte Ltd., IDFC General Partners Ltd. and IDFC Fund of Funds Ltd.

During the year, IDFC Securities Ltd. has further floated wholly owned subsidiary company namely, IDFC Capital USA Inc. in the USA.

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

Your Directors recommend the payment of final Dividend for the financial year 2010-11 at the rate of 200% i.e. ₹ 20/- per equity share of ₹ 10/- each aggregating to a sum of ₹ 28.27 crore to Infrastructure Development Finance Company Limited on 14,137,200 equity shares of ₹ 10/- each.

DIRECTORS

Mr. Anil Singhvi was appointed as an Additional Director (Independent) with effect from May 18, 2010 whose appointment was approved at the Annual General Meeting held on June 30, 2010.

Mr. Sadashiv Rao and Dr. Rajeev Uberoi were appointed as Additional Directors with effect from October 8, 2010.

Mr. Mahendra Shah resigned with effect from January 28, 2011.

The Board has approved by passing circular resolution on March 24, 2011, resignation of Mr. L. K. Narayan as Director and appointment of Mr. Sunil Kakar as an Additional Director of the Company. The said resignation and appointment is subject to approval of exchanges and such other authorities, as may be required.

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

Mr. Yuvraj Narayan and Mr. T. S. Bhattacharya are retiring by rotation and being eligible, offers 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. Tara Sankar Bhattacharya, Chairman

Mr. Yuvraj Narayan, Member

Mr. Sunil Kakar, 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. 7 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, the names and other particulars of employees are set out in 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, custodians, Securities & Exchange Board of India, Stock Exchanges, Banks and other statutory and regulatory authorities for their support to your Company. The Board also places on record its appreciation for the sincere efforts of the staff.

The Board would also like to express its gratitude for the unstinted support and guidance received from Infrastructure Development Finance Company Limited (IDFC), the parent organisation and also other group companies.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

RAJIV B. LALL

Chairman

Mumbai

April 26, 2011

To The Members of IDFC Securities Limited

1. We have audited the attached Balance Sheet of IDFC SECURITIES LIMITED ("the Company") 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/ results/transactions, etc. clauses (ii), (vi), (viii), (x), (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 not granted any loan, secured or unsecured, to companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- (iv) In respect of loans, secured or unsecured, taken by the Company from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:
- (a) The Company has taken loans aggregating ₹ 790,000,000 from one party during the year. At the year-end, there was no amount outstanding of such loans taken and the maximum amount involved at any time during the year was ₹ 400,000,000.
- (b) The rate of interest and other terms and conditions of such loans are, in our opinion, *prima facie* not prejudicial to the interests of the Company.
- (c) The payments of principal amounts and interest in respect of such loans are regular/as per stipulations.
- (v) 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.
- (vi) 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.
- (vii) 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.
- (viii) 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. 1997-98	4,248,070
		High Court	A.Y. 1998-99	42,334,898
		Commissioner of Income Tax (Appeals)	A.Y. 2001-02	1,423,137
			A.Y. 2008-09	13,821,831

- (ix) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks and financial institutions.
- (x) 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.
- (xi) 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.
- (xii) 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		141,372,000	141,372,000
Reserves and Surplus	2		986,269,562	1,165,743,145
			1,127,641,562	1,307,115,145
APPLICATION OF FUNDS				
Fixed Assets				
Gross Block	3	33,735,078		32,290,308
Less: Depreciation and Amortisation		24,366,061		22,097,690
Net Block		9,369,017		10,192,618
Add: Capital Work-in-Progress		-		520,000
			9,369,017	10,712,618
Investments	4		911,000,780	1,102,749,255
Deferred Tax Asset (See Schedule 16, Note 10)			10,300,000	7,100,000
Current Assets, Loans and Advances				
Sundry Debtors	5	77,234,572		46,148,251
Cash and Bank Balances	6	589,228,416		396,127,030
Loans and Advances	7	199,206,664		142,526,687
		865,669,652		584,801,968
Less: Current Liabilities and Provisions				
Current Liabilities	8	337,295,172		392,991,423
Provisions	9	331,402,715		5,257,273
		668,697,887		398,248,696
Net Current Assets			196,971,765	186,553,272
			1,127,641,562	1,307,115,145
Notes to the Accounts	16			

Schedules 1 to 16 form an integral part of the Accounts

IN TERMS OF OUR REPORT ATTACHED

FOR DELOITTE HASKINS & SELLS

Chartered Accountants

NALIN M. SHAH

Partner

Mumbai | April 26, 2011

FOR AND ON BEHALF OF THE BOARD

RAJIV B. LALL

Director

AMOL RANADE

Company Secretary

TAPASIJE MISHRA

Whole-time Director

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				
Brokerage			529,569,929	701,962,708
Fee Income (Advisory) (See Schedule 16, Note 5)			259,185,690	279,168,262
Other Operating Income	10		500,647	-
Other Income	11		83,879,628	66,167,171
			873,135,894	1,047,298,141
EXPENDITURE				
Interest & Other Charges	12	6,916,313		10,440,940
Staff Expenses	13	505,896,372		537,798,479
Establishment Expenses	14	2,639,710		25,920,368
Other Expenses	15	157,433,661		106,700,095
Provision for Doubtful Debts		152,053		-
Provision for Doubtful Deposits		-		1,800,000
Depreciation & Amortisation		4,685,407		5,750,406
			677,723,516	688,410,288
PROFIT BEFORE TAXATION			195,412,378	358,887,853
Less: Provision for Taxation				
Current Tax (See Schedule 16, Note 12)		54,200,000		115,200,000
Deferred Tax (See Schedule 16, Note 10)		(3,200,000)		1,000,000
(Excess)/Short provision for Income Tax of earlier years		(4,726,184)		6,026,067
			46,273,816	122,226,067
PROFIT AFTER TAXATION			149,138,562	236,661,786
Add: Balance as per last Balance Sheet			982,451,568	745,789,782
AVAILABLE FOR APPROPRIATION			1,131,590,130	982,451,568
Appropriation				
General Reserve		14,915,000		-
Proposed Dividend		282,744,000		-
[₹ 20 per equity share (Previous Year ₹ Nil per equity share)]				
Tax on Dividend		45,868,145		-
			343,527,145	-
Balance carried forward			788,062,985	982,451,568
Earning per share (Face Value ₹ 10) (See Schedule 16, Note 9)			10.55	16.74
Basic and Diluted				
Notes to the Accounts	16			

Schedules 1 to 16 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

RAJIV B. LALL

Director

TAPASIJE MISHRA

Whole-time Director

AMOL RANADE

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	195,412,378	358,887,853
Adjustments for			
Depreciation and Amortisation		4,685,407	5,750,406
Interest Income		(40,270,385)	(39,875,584)
Interest Expense		472,023	3,813,215
Provision for Doubtful Debts		152,053	-
Provision for Doubtful Deposits		-	1,800,000
Provision for Gratuity		(2,466,703)	1,340,500
Dividend Income		(38,847,453)	(26,184,716)
Unrealised Loss/(Gain)-Foreign Exchange		9,648	48,954
Loss on Sale/Discarding of Fixed Assets		556,804	1,435,832
Profit on sale of Current Investment		(457,147)	-
	B	(76,165,753)	(51,871,393)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	C=A+B	119,246,625	307,016,460
Changes in:			
Sundry Debtors		(31,248,022)	(28,084,989)
Loans and Advances		(9,377,371)	20,329,601
Fixed Deposit with Scheduled Banks under Lien		(251,880,910)	(352,716)
Current Liabilities		(55,696,251)	200,997,352
	D	(348,202,554)	192,889,248
Cash (used in) generated from Operations	E=C+D	(228,955,929)	499,905,708
Taxes Paid		(96,256,422)	(136,972,899)
NET CASH (USED IN)/FROM OPERATING ACTIVITIES	F	(325,212,351)	362,932,809
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed assets		(4,560,510)	(2,811,623)
Purchase of Investments - Others		(726,446,130)	(964,434,605)
Investments in Subsidiary		(46,240,000)	-
Proceeds from Sale of Investments		964,891,752	455,552,451
Proceeds from sale of Fixed Assets		141,900	35,849
Interest received		40,270,385	39,875,584
Dividend received		38,847,453	26,184,716
NET CASH (USED IN)/FROM INVESTING ACTIVITIES	G	266,904,850	(445,597,628)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from unsecured loans		790,000,000	5,819,000,000
Repayments of unsecured loans		(790,000,000)	(5,819,000,000)
Interest Expense		(472,023)	(3,813,215)
NET CASH USED IN FINANCING ACTIVITIES	H	(472,023)	(3,813,215)
NET DECREASE IN CASH AND CASH EQUIVALENTS	I=F+G+H	(58,779,524)	(86,478,034)
INCREASE/(DECREASE)IN CASH AND CASH EQUIVALENTS			
CASH AND CASH EQUIVALENTS, as at the beginning of year (see Note below)		131,224,314	217,702,348
CASH AND CASH EQUIVALENTS, as at the end of year (see Note below)		72,444,790	131,224,314
		(58,779,524)	(86,478,034)
Note :			
Cash and Cash Equivalents as per Schedule 6		589,228,416	396,127,030
Less: Fixed Deposits Under Lien		516,783,626	264,902,716
Cash and Cash Equivalents as above		72,444,790	131,224,314

IN TERMS OF OUR REPORT ATTACHED

FOR DELOITTE HASKINS & SELLS

Chartered Accountants

NALIN M. SHAH

Partner

FOR AND ON BEHALF OF THE BOARD

RAJIV B. LALL

Director

TAPASIJE MISHRA

Whole-time Director

AMOL RANADE

Company Secretary

Mumbai | April 26, 2011

SCHEDULE 1 Share Capital

	₹	₹
	AS AT MARCH 31, 2011	AS AT MARCH 31, 2010
AUTHORISED:		
20,000,000 equity shares of ₹ 10/- each	200,000,000	200,000,000
ISSUED, SUBSCRIBED AND PAID-UP:		
14,137,200 equity shares of ₹ 10/- each fully paid	141,372,000	141,372,000
(All the above Equity Shares are held by Infrastructure Development Finance Company Limited, the holding company and its nominees)		
	141,372,000	141,372,000

SCHEDULE 2 Reserves and Surplus

	₹	₹
	AS AT MARCH 31, 2011	AS AT MARCH 31, 2010
Securities Premium Account	142,578,000	142,578,000
General Reserve		
Opening Balance	40,713,577	40,713,577
Add: Transfer from Profit and Loss Account	14,915,000	-
	55,628,577	40,713,577
Profit and Loss Account	788,062,985	982,451,568
	986,269,562	1,165,743,145

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										
Furniture and Fittings	385,000	-	-	385,000	177,589	37,541	-	215,130	169,870	207,411
Office Equipments	5,988,528	761,885	1,450,044	5,300,369	3,123,486	698,423	902,964	2,918,945	2,381,424	2,865,041
Computer Hardware	17,247,836	1,436,617	1,665,696	17,018,757	13,113,494	1,881,040	1,514,072	13,480,462	3,538,295	4,134,342
INTANGIBLE										
Tenancy Rights	1,083,200	-	-	1,083,200	118,707	108,320	-	227,027	856,173	964,494
Computer Software	7,585,744	2,362,008	-	9,947,752	5,564,414	1,960,083	-	7,524,497	2,423,255	2,021,330
Total	32,290,308	4,560,510	3,115,740	33,735,078	22,097,690	4,685,407	2,417,036	24,366,061	9,369,017	10,192,618
Previous Year	37,768,937	2,811,623	8,290,252	32,290,308	23,165,855	5,750,406	6,818,571	22,097,690	10,192,618	

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 Limited	6,035,220	10	123,304,650	123,304,650
IDFC Distribution Company Limited (Formerly IDFC - SSKI Stock Broking Limited)	1,500,000	10	15,000,000	15,000,000
IDFC Capital (USA) Inc.	100,000,000	USD 0.01	46,240,000	-
Others				
Bombay Stock Exchange Limited	130,000	1	10,000	10,000
TOTAL LONG-TERM INVESTMENTS			184,554,650	138,314,650
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 ₹ 964,434,605)]	96,428,996.109	10	-	964,434,605
IDFC Cash Fund - Super Inst Plan C - Growth [Net Asset Value ₹ 726,647,181 (Previous year ₹ Nil)]	60,924,556.159	10	726,446,130	-
TOTAL INVESTMENTS			911,000,780	1,102,749,255

SCHEDULE 5 Sundry Debtors (Unsecured)			₹	₹
			AS AT MARCH 31, 2011	AS AT MARCH 31, 2010
CONSIDERED GOOD				
Over six months		111,625		40,626
Others (See Schedule 16, Note 4)		77,122,947		46,107,625
			77,234,572	46,148,251
CONSIDERED DOUBTFUL				
Over six months			152,053	3,299,896
			77,386,625	49,448,147
Less: Provision for Doubtful Debts			152,053	3,299,896
			77,234,572	46,148,251

SCHEDULE 6 Cash and Bank Balances			₹	₹
			AS AT MARCH 31, 2011	AS AT MARCH 31, 2010
Cash			10,469	19,662
Balance with Scheduled Banks				
- in Current Accounts	22,434,321			29,762,504
- in Deposit Accounts	50,000,000			101,442,148
- in Deposit Accounts (Under Lien)	516,783,626			264,902,716
			589,217,947	396,107,368
			589,228,416	396,127,030

SCHEDULE 7 Loans and Advances (Unsecured)	₹	
	AS AT MARCH 31, 2011	AS AT MARCH 31, 2010
CONSIDERED GOOD		
Interest accrued on Deposits	34,005,601	21,253,637
Advances recoverable in cash or in kind or for value to be received	13,141,486	9,914,079
Deposits with Stock Exchanges	29,302,200	30,502,200
Other Deposits	1,172,920	6,054,920
Advance payment of Income Tax (Net of provision)	121,584,457	74,801,851
	199,206,664	142,526,687
CONSIDERED DOUBTFUL		
Other Deposits	-	1,800,000
	199,206,664	144,326,687
Less: Provision for Doubtful Deposits	-	1,800,000
	199,206,664	142,526,687

SCHEDULE 8 Current Liabilities	₹	
	AS AT MARCH 31, 2011	AS AT MARCH 31, 2010
Sundry Creditors - Other than micro and small enterprises (See Schedule 16, Note 14)	303,329,864	356,059,102
Other Liabilities	33,965,308	36,932,321
	337,295,172	392,991,423

SCHEDULE 9 Provisions	₹	
	AS AT MARCH 31, 2011	AS AT MARCH 31, 2010
Proposed Dividend	282,744,000	-
Tax on Proposed Dividend	45,868,145	-
Provision for Employees Benefits (See Schedule 16, Note 6)	2,790,570	5,257,273
	331,402,715	5,257,273

SCHEDULE 10 Other Operating Income	₹	
	APRIL 1, 2010 TO MARCH 31, 2011	APRIL 1, 2009 TO MARCH 31, 2010
Dividend on Misdeal Stock	500,647	-
	500,647	-

SCHEDULE 11 Other Income	₹	
	APRIL 1, 2010 TO MARCH 31, 2011	APRIL 1, 2009 TO MARCH 31, 2010
Interest on Bank Deposits	40,270,385	39,875,584
[Tax Deducted at source ₹ 4,492,409 (Previous year ₹ 5,466,336)]		
Dividend on Current Investments (Non-Trade)	37,826,806	25,664,716
Dividend on Long-term Investments (Non-Trade)	520,000	520,000
Profit on sale of Current Investment (Non-Trade)	457,147	-
Doubtful Deposits Recovery	1,800,000	-
Miscellaneous Income	1,700,509	106,871
Interest on Income Tax Refund	1,304,781	-
	83,879,628	66,167,171

SCHEDULE 12 Interest and Other Charges	₹	
	APRIL 1, 2010 TO MARCH 31, 2011	APRIL 1, 2009 TO MARCH 31, 2010
Other Interest	472,023	3,813,215
Other Charges	6,444,290	6,627,725
	6,916,313	10,440,940

SCHEDULE 13 Staff Expenses	₹	
	APRIL 1, 2010 TO MARCH 31, 2011	APRIL 1, 2009 TO MARCH 31, 2010
Salaries, Wages and Bonus	479,087,350	517,782,313
Contribution to Provident and Other Funds (See Schedule 16, Note 6) [Including provision for gratuity ₹ 10,833,297 (Previous Year ₹ 1,930,073)]	23,260,790	13,558,935
Staff Welfare Expenses	3,548,232	6,457,231
	505,896,372	537,798,479

SCHEDULE 14 Establishment Expenses	₹	
	APRIL 1, 2010 TO MARCH 31, 2011	APRIL 1, 2009 TO MARCH 31, 2010
Rent	168,000	17,347,863
Rates & Taxes	-	657,117
Electricity	70,262	3,949,176
Repairs and Maintenance		
Building	-	213,070
Equipment	1,530,384	1,977,503
Others	129,908	976,295
	1,660,292	3,166,868
Insurance Charges	741,156	799,344
	2,639,710	25,920,368

SCHEDULE 15 Other Expenses	₹	
	APRIL 1, 2010 TO MARCH 31, 2011	APRIL 1, 2009 TO MARCH 31, 2010
Travelling and Conveyance	31,344,606	29,080,907
Printing and Stationery	2,836,283	2,669,697
Postage, Telephone and Fax	11,724,108	11,811,090
Advertising and Publicity	14,935,696	13,791,431
Membership and Subscription	35,158,945	31,150,766
Professional Fees	14,305,655	9,828,562
Loss on Foreign Exchange Fluctuation (Net)	91,841	341,457
Loss on Sale/Discarding of Fixed Assets (Net)	556,804	1,435,832
Other Operating Expenses	685,903	800,834
Loss on Sale of Misdeal Stock (Net) [Net of Insurance claim ₹ 1,219,556 (Previous year ₹ Nil)]	1,247,731	2,000,564
Miscellaneous Expenses	662,588	1,015,051
Directors' Sitting Fees	160,257	140,000
Auditors' Remuneration (See Schedule 16, Note 8)	2,515,244	2,633,904
Shared Services Costs	41,208,000	-
	157,433,661	106,700,095

BACKGROUND

IDFC Securities Limited is a wholly owned subsidiary of Infrastructure Development Finance Company Limited ("IDFC").

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. 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.

C. Revenue recognition

- (a) Income from brokerage activities is recognised on trade date basis and is net of statutory payments.
- (b) Interest income is recognised on an accrual basis.
- (c) Fees are recognised when reasonable right of recovery is established, the revenue can be reliably measured and there is no uncertainty regarding recoverability.
- (d) Dividend is recognised when the right to receive is established.

D. 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. Consideration paid for transfer of tenancy rights is capitalised as an Intangible asset.

E. 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 and Tenancy rights are amortised over a period of 10 years by using straight line method.

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

F. 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.

G. Misdeal stock

Misdeal stock comprises of stock that has devolved on the Company due to erroneous execution of trades on behalf of the institutional clients in the normal course of business. These securities are valued at lower of cost or market value/realisable value on an individual basis. Any valuation loss based on the above is debited to the Profit and Loss Account.

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 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	69,167,247	62,401,685

3 IDFC Capital Limited has given Guarantee in form of its Fixed Deposit lien with HDFC Bank towards Overdraft facility for ₹ Nil (Previous year ₹ 291,533,838).

4 Sundry Debtors include ₹ 60,130,715 (Previous year ₹ 28,101,773) receivable from a Subsidiary Company.

5 The Company has an arrangement with its Wholly Owned Subsidiary, IDFC Capital Limited to provide research, financial advisory and other distribution services on some of the assignments/mandates. In consideration of these services, the Company receives a share from the Subsidiary Company 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 and the same has been included under Fee Income (Advisory).

6 Employee Benefits:

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

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	12,106,254	10,868,862
Superannuation Fund	321,239	760,000

(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	10,993,766	8,745,683		
Current Service Cost	8,345,108	5,304,017		
Interest Cost	1,522,980	1,123,976		
Actuarial Gain	3,627,567	4,179,910		
Past Service Cost	5,772,334			
Liability at the end of the year	23,006,621	10,993,766		
FAIR VALUE OF PLAN ASSETS:				
Fair Value of Plan Assets at the beginning of the year	5,736,494	4,828,911		
Expected Return on Plan Assets	735,988	520,924		
Contributions	13,300,000	589,573		
Actuarial loss on Plan Assets	567,142	202,914		
Fair Value of Plan Assets at the end of the year	19,205,340	5,736,494		
Total Actuarial Gain to be recognised	3,060,425	3,976,996		
ACTUAL RETURN ON PLAN ASSETS:				
Expected Return on Plan Assets	735,988	520,924		
Actuarial loss on Plan Assets	567,142	202,914		
Actual Return on Plan Assets	168,846	318,010		
AMOUNT RECOGNISED IN THE BALANCE SHEET:				
Liability at the end of the year	23,006,622	10,993,766		
Fair Value of Plan Assets at the end of the year	19,205,340	5,736,494		
Unrecognised Past Service Cost	1,010,712	-		
Amount recognised in the Balance Sheet under "Provision for Employee Benefits"	2,790,570	5,257,273		
EXPENSES RECOGNISED IN THE PROFIT AND LOSS ACCOUNT UNDER STAFF EXPENSES:				
Current Service Cost	8,345,108	5,304,017		
Interest Cost	1,522,980	1,123,976		
Expected Return on Plan Assets	735,988	520,924		
Net Actuarial gain to be recognised	3,060,425	3,976,996		
Past Service Cost	4,761,622			
Expense recognised in the Profit and Loss Account under staff expenses	10,833,297	1,930,073		
RECONCILIATION OF THE LIABILITY RECOGNISED IN THE BALANCE SHEET:				
Opening Net Liability	5,257,273	3,916,773		
Expense recognised	10,833,297	1,930,073		
Contribution by the Company	13,300,000	589,573		
Amount recognised in the Balance Sheet under "Provision for Employee Benefits"	2,790,570	5,257,273		
Expected Employer's Contribution next year	8,000,000	8,000,000		
EXPERIENCE ADJUSTMENTS				
PARTICULARS	AS AT 31.03.11	AS AT 31.03.10	AS AT 31.03.09	AS AT 31.03.08
	(₹)	(₹)	(₹)	(₹)
Defined Benefit Obligation	23,006,622	10,993,766	8,745,683	6,572,745
Plan Assets	19,205,340	5,736,494	4,828,911	2,648,986
Deficit/(Surplus)	3,801,282	5,257,273	3,916,772	3,923,759
Experience Adjustment on Plan Liabilities	3,007,273	5,986,757	383,113	-
Experience Adjustment on Plan Assets	567,142	202,914	12,514	-
PRINCIPAL ASSUMPTIONS				
PARTICULARS	AS AT 31.03.11	AS AT 31.03.10		
Investment Pattern	%	%		
Insurer Managed Fund	100	100		
Discount rate				
Discount rate	8.30	8.10		
Return on Plan Assets				
Return on Plan Assets	8	8		
Salary Escalation Rate				
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.

7 Expenditure in foreign currencies:

(₹)

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Professional Fees	4,677,659	189,461
Others	12,568,322	8,214,002
Total	17,245,981	8,403,463

Earnings in Foreign Currencies:

(₹)

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Advisory Fees	22,948,085	25,126,255
Others	NIL	106,871
Total	22,948,085	25,233,126

8 Auditors' Remuneration:

(₹)

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Audit Fees	1,200,000	1,200,000
Tax Audit Fees	400,000	400,000
Taxation Services	200,000	200,000
Other Services	705,000	825,000
Out of Pocket Expenses	10,244	8,904
Service tax	259,070	271,292
Total	2,774,314	2,905,196
Less: Service tax set off claimed	259,070	271,292
	2,515,244	2,633,904

9 In accordance with the 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) (₹)	149,138,562	236,661,786
Number of equity shares issued (B)	14,137,200	14,137,200
Basic and Diluted Earnings per share (EPS) [A/B] (₹)	10.55	16.74

10 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 ₹ 3,200,000 (Previous year Debit ₹ 1,000,000) 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	4,699,339	3,624,132
Provisions	5,600,661	3,475,868
Total	10,300,000	7,100,000
DEFERRED TAX ASSET	10,300,000	7,100,000

11 Segment Reporting:

The Company's business is to provide broking services to its clients in the capital market in India. All other activities of the Company revolve around the main business. As such, there are no reportable segments as per the Accounting Standard 17 relating to 'Segment Reporting' as notified by the Companies (Accounting Standards) Rules, 2006.

12 Provision for income tax for the year includes interest of ₹ Nil (Previous year ₹ 120,076) under Section 234C of Income-tax Act, 1961.

13 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. HOLDING COMPANY:

Infrastructure Development Finance Company Limited

II. SUBSIDIARY COMPANIES:

- (a) IDFC Capital Limited
- (b) IDFC Distribution Company Limited (formerly IDFC – SSKI Stock Broking Limited)
- (c) IDFC Capital (USA) INC. (w.e.f. August 4, 2010)
Subsidiary companies of IDFC Capital Limited
- (d) IDFC Capital (Singapore) Pte Limited
- (e) IDFC General Partners Limited
- (f) IDFC Fund of Funds Limited

There are no transactions with fellow subsidiaries.

III. KEY MANAGEMENT PERSONNEL:

Mr. Tapasije Mishra – 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			
Infrastructure Development Finance Company Limited	Inter Corporate Deposits placed and redeemed	790,000,000	5,819,000,000
	Interest paid on Inter Corporate Deposits	194,795	2,224,889
	Shared Service Costs	41,208,000	-
	Brokerage Received	1,043,063	5,672,744
	Purchase of Fixed Assets	974,765	-
(B) SUBSIDIARY COMPANY			
IDFC Capital Limited	Fees income	236,237,605	254,042,007
	Debtors outstanding balance	60,130,715	28,101,773
	Professional fees paid	5,899,459	-
(C) KEY MANAGEMENT PERSONNEL			
Mr. Tapasije Mishra	Remuneration Paid*	45,033,333	43,127,638

* The Remuneration is paid by a Subsidiary Company.

14 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.

15 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

RAJIV B. LALL
Director

TAPASIJE MISHRA
Whole-time Director

AMOL RANADE
Company Secretary

Mumbai | April 26, 2011

I. REGISTRATION DETAILS

Registration No. U 9 9 9 9 9 M H 1 9 9 3 P L C 0 7 1 8 6 5
 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)

Total Liabilities
 1 1 2 7 6 4 2

Total Assets
 1 1 2 7 6 4 2

SOURCES OF FUNDS

Paid-up Capital
 1 4 1 3 7 2

Reserves and Surplus
 9 8 6 2 7 0

Secured Loans
 N I L

Unsecured Loans
 N I L

APPLICATION OF FUNDS

Net Fixed Assets
 9 3 6 9

Investments
 9 1 1 0 0 1

Net Current Assets
 1 9 6 9 7 2

Miscellaneous Expenditure
 N I L

Deferred Tax Asset (Net)
 1 0 3 0 0

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

Turnover/Income
 8 7 3 1 3 6

Total Expenditure
 6 7 7 7 2 4

Profit Before Tax
 1 9 5 4 1 2

Profit After Tax
 1 4 9 1 3 9

Earnings per Share (in ₹)
 1 0 . 5 5

Dividend %
 2 0 0

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

Item Code No. (ITC Code) N I L

Product Description I N S T I T U T I O N A L S T O C K B R O K I N G

NAME OF SUBSIDIARY COMPANY	IDFC CAPITAL LIMITED	IDFC DISTRIBUTION COMPANY LIMITED	IDFC CAPITAL (USA) INC.	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	March 31, 2011	March 31, 2011	March 31, 2011
2. Equity Shares							
a) Number of Shares	6,035,220	1,500,000	100,000,000	10,970,000	11,577,711.56	10,000	1
	Shares of ₹ 10	Shares of ₹ 10	Shares of USD 0.01	Shares of SGD 1	Shares of USD 1	Shares of USD 1.65	Share of USD 1.65
b) Extent of Holding	100%	100%	100%	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	Nil	Nil	Nil
b) Not dealt with in the accounts of the Holding Company.	305,901,835	900,885	(6,185,093)	(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	Nil	Nil	Nil
b) Not dealt with in the accounts of the Holding Company.	281,187,231	776,662	Nil	(110,802,874)	(1,153,369)	Nil	(88,356,762)

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

RAJIV B. LALL
Chairman

TAPASIJE MISHRA
Whole-time Director

Mumbai | April 26, 2011