

August 17, 2023

The Manager – Listing Department  
National Stock Exchange of India Limited  
Exchange Plaza,  
Bandra Kurla Complex, Bandra (E)  
Mumbai-400051  
NSE Code: IDFC

The Manager – Listing Department  
BSE Limited  
1<sup>st</sup> Floor, P.J. Towers,  
Dalal Street  
Mumbai -400 001  
BSE Scrip Code: 532659

**Sub: Outcome of 26th Annual General Meeting - IDFC Limited**

Dear Sirs/Madam,

Pursuant to Regulation 30 Part A of Schedule III of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('SEBI Listing Regulations'), we hereby submit the Proceedings / Outcome of 26th Annual General Meeting of the Shareholders of IDFC Limited ("**the Company**") which was held on Thursday, August 17, 2023 at 3.00 p.m. through Video Conferencing ('VC') or Other Audio-Visual Means ('OAVM') through facility provided by KFin Technologies Limited ('KFin') in compliance with the applicable provisions of the Companies Act, 2013, Rules framed thereunder and the SEBI Listing Regulations. The AGM has been convened and held as per the directive(s) of relevant Authorities.

In this regard, please find enclosed the following-

- (1) Summary of proceedings as required under Regulation 30, Part-A of Schedule -III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations as **Annexure – I**
- (2) Report of Scrutinizer dated August 17, 2023, pursuant to Section 108 of the Companies Act, 2013 and Rule 20(4) (xii) of the Companies (Management and Administration) Rules, 2014 as **Annexure – II**.
- (3) Annual Report for the financial year 2022-23 as required under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations duly approved and adopted by the members as per the provisions of the Companies Act, 2013-as **Annexure – III**.
- (4) Voting results as required under Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – **Annexure - IV**.

Please take the above on records.

For IDFC Limited

**Shivangi Mistry**  
Company Secretary



Encl.: a/a

**Summary of proceedings of the 26th Annual General Meeting:**

The 26th Annual General Meeting (AGM) of the Members of IDFC Limited ('the Company') was held on Thursday, August 17, 2023 at 3.00 p.m through Video Conferencing ('VC') / Other Audio-Visual Means ('OAVM').

The Company Secretary welcomed all the Members present through VC / OAVM.

The Company Secretary mentioned that AGM was being conducted through VC / OAVM, in compliance with relevant circulars issued by Ministry of Corporate Affairs ('MCA') and Securities and Exchange Board of India ('SEBI').

Mr. Anil Singhvi (Chairman of the Board, Chairman of Audit Committee, Chairman of the Stakeholder Relationship Committee and Chairman of the Independent Director Committee) chaired the meeting. He introduced the members of the Board. The requisite quorum being present, the Chairman called the meeting to order. Ms. Anita Belani - Chairperson of the Nomination & Remuneration and Risk Management & IT Strategy Committee and Dr. Jaimini Bhagwati – Chairman of Corporate Social Responsibility Committee and Allotment & Share Transfer Committee and Mr. Ajay Sondhi, Mr. Mahendra N Shah – Managing Director and Mr. Bipin Gemani – Whole Time Director & CFO were present at the Meeting. The representatives of the Statutory Auditors and Secretarial Auditors were also present at the Meeting.

Members were informed that since the Annual Report for the financial year 2022-23 along with the Notice of the AGM, had already been circulated to the members electronically, the Notice of the AGM was taken as read with the permission of the shareholders. The Auditors' report on Standalone Financials was free from any qualifications, observations or comments on financial transactions or matters which have an adverse effect on the functioning of the company, accordingly, the Chairman requested the members, if the said report could be taken as read.

The Company Secretary then invited Chairman to brief the shareholders on operation of the Company and way forward.

The Chairman briefed the shareholders on progress made during the year.

The Chairman then invited members to ask their queries, if any, give suggestions, seek clarifications.

The Moderator requested Members who had registered themselves as speakers to speak one by one. The speakers expressed their views / sought clarifications on some of the items of Annual Report of the Company. After hearing from all the speakers, Mr. Anil Singhvi, Chairman of the Board, responded to their observations and provided clarifications to their satisfaction.

The Company Secretary informed that the Company had provided to the Members, the facility to cast their vote electronically, on all resolutions set forth in the Notice. Members who were present at the AGM and did not cast their votes electronically earlier were provided an opportunity to cast their votes during the AGM by electronic means.

The following items of business, as per the Notice of AGM dated July 17, 2023, were transacted at the meeting and approved with requisite majority.

1.	To consider and adopt: a. the audited standalone financial statements of the Company for the financial year ended March 31, 2022 and the Reports of the Board of Directors and the Auditors thereon; and b. the audited consolidated financial statements of the Company for the financial year ended March 31, 2022 and the Report of the Auditors thereon. (As Ordinary Resolution) (99.99 % in favour)	Approved
2.	To appoint a Director in place of Mr. Mahendra N Shah (DIN: 00124629), who retires by rotation and being eligible, offers himself for reappointment. (As Ordinary Resolution) (99.99 % in favour)	Approved
3.	Re-appointment of Mr. Mahendra N Shah (DIN: 00124629) as the Managing Director (As Ordinary Resolution) (99.99 % in favour)	Approved
4.	Payment of the remuneration to Mr. Mahendra N Shah as the Managing Director (As Special Resolution) (99.97 % in favour)	Approved
5.	Appointment of Mr. Bipin Gemani (DIN: 07816126) as the Whole Time Director and Chief Financial Officer (As Ordinary Resolution) (99.99 % in favour)	Approved
6.	Payment of remuneration to Mr. Bipin Gemani, Whole Time Director and Chief Financial Officer (As Special Resolution) (99.97 % in favour)	Approved

The Board of Directors had appointed Bhandari & Associates, Company Secretaries as the Scrutinizer to supervise the e-voting and ballot voting process.

It was informed that the combined voting results (Evoting and Ballot voting) will be announced on or before August 18, 2023 and will be inform to Stock Exchanges and uploaded on website of the Company.

The Shareholders of the Company through Postal Ballot dated February 07, 2023, approved the re-appointment of Mr. Ajay Sondhi as Independent Director w.e.f. November 08, 2022 till conclusion of the 26th AGM of the Company to be held for FY 23. Accordingly, Mr. Ajay Sondhi has ceased to be Independent Director of the Company upon Completion of his term at the conclusion of the 26<sup>th</sup> AGM.

The meeting concluded at 3.50 p.m. and thereafter e-voting remained open for 15 minutes for those members who participated in AGM and could not vote earlier.

The Chairman thanked the Members and Directors for attending the AGM and declared the meeting as concluded.

For IDFC Limited



Shivangi Mistry  
Company Secretary

**B&A****BHANDARI & ASSOCIATES**  
COMPANY SECRETARIES

**Consolidated Scrutinizer's Report for Remote E-Voting & E-Voting  
at the 26th Annual General Meeting of IDFC Limited**  
[Pursuant to section 108 of the Companies Act, 2013 and  
Companies (Management and Administration) Rules, 2014 as amended]

To,  
The Chairman  
IDFC Limited  
CIN: L65191TN1997PLC037415  
906/907, 9th Floor, Embassy Centre,  
Jamnalal Bajaj Road, Nariman Point,  
Mumbai- 400021

Dear Sir,

I, Manisha Maheshwari, Partner of M/s Bhandari & Associates, Company Secretaries, have been appointed as a Scrutinizer by the Board of Directors of IDFC Limited ("the Company") for the purpose of scrutinizing the voting by electronic means i.e. "remote e-voting" and through electronic voting system at the 26th Annual General Meeting ("AGM") of the shareholders of the Company, pursuant to Section 108 of the Companies Act, 2013 ("the Act") read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended and in accordance with Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") on the resolutions contained in the Notice of the AGM held on Thursday, August 17, 2023, at 3.00 p.m. (IST), through Video Conferencing ("VC") or Other Audio Visual Means ("OAVM") in a fair and transparent manner.

The management of the Company is responsible to ensure compliance with the provisions of the Companies Act, 2013 and the rules made thereunder including Ministry of Corporate Affairs ("MCA") General Circular Nos. 14/2020 dated April 8, 2020, No. 17/2020 dated April 13, 2020, No. 39/2020 dated December 31, 2020, No. 10/2021 dated June 23, 2021 and No. 20/2021 dated December 08, 2021, No. 21/2021 dated December 14, 2021, No. 2/2022 dated May 05, 2022 and No. 10/2022 dated December 28, 2022 (hereinafter collectively referred to as "MCA Circulars") and the Securities and Exchange Board of India ("SEBI") Circular No. SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated January 05, 2023, SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 and Circular No. SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated May 13, 2022 (hereinafter collectively referred to as "SEBI Circulars") issued by SEBI and other provisions of the Listing Regulations relating to voting through electronic means by remote e-voting and electronic voting at the AGM by the shareholders on the resolutions proposed in the Notice of 26th AGM of the Company.



My responsibility as a scrutinizer for the e-voting process is restricted to prepare the Scrutinizer Report on the votes cast "in favour" or "against" the resolution(s) based on the reports generated from the e-voting system provided by the KFin Technologies Limited ("KFIN"), the authorized service provider for extending the facility of electronic voting to the shareholders of the Company.

Further to the above, I submit my report as under:

- (i) Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014, Regulation 44 of the Listing Regulations and MCA Circulars and SEBI Circulars, the Company has availed the e-voting facility offered by KFIN for conducting remote e-voting prior to AGM and e-voting at the AGM by the Shareholders who attended the AGM through VC / OAVM and who had not cast their vote through remote e-voting.
- (ii) In terms of MCA Circulars and SEBI Circulars, the Company had sent the notice of AGM along with Annual Report for the Financial Year 2022-23 in electronic form only to its members whose name(s) appeared in the Register of Members/ list of beneficiaries as on July 14, 2023.
- (iii) The public advertisement with respect to dispatch of notices and conducting of voting through electronic means was published in an English newspaper "Financial Express" and a vernacular newspaper "Makkal Kural" of wide circulation in their respective editions dated July 22, 2023.
- (iv) The shareholders of the Company holding shares as on the cut-off date i.e. Thursday, August 10, 2023 were entitled to vote on the resolutions as set out in the Notice of the AGM.
- (v) The voting period for remote e-voting commenced on Friday, August 11, 2023, at 09:00 a.m. IST and ended on Wednesday, August 16, 2023 at 5:00 p.m. IST and thereafter, the voting portal was blocked forthwith.
- (vi) On Thursday, August 17, 2023 after the conclusion of AGM, the report on the e-voting carried at the AGM and remote e-voting process were unblocked by me in the presence of two witnesses Ms. Vidhi Maheshwari and Ms. Palak Vora.
- (vii) I have scrutinized and verified the votes cast through remote e-voting and e-voting at the AGM based on the data generated from KFIN e-voting portal.

I now submit my Consolidated Report on the Results of the remote e-voting and e-voting at the AGM in respect of said resolutions as under:



**Item No. 1: Ordinary Resolution**

Adoption of:

- a) the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2023 and the Reports of the Board of Directors and the Auditors thereon; and
- b) the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2023, and the Report of the Auditors thereon.

(i) Voted in favour of the resolution:

Mode of voting	Number of members voted	Number of votes cast by Members	% of total number of valid votes cast
<b>E-voting at AGM</b>	6	34,07,035	100
<b>Remote e-voting</b>	1,444	90,22,42,790	99.9980
<b>Total</b>	<b>1,450</b>	<b>90,56,49,825</b>	<b>99.9980</b>

(ii) Voted against the resolution:

Mode of voting	Number of members voted	Number of votes cast by Members	% of total number of valid votes cast
<b>E-voting at AGM</b>	2	2	0
<b>Remote e-voting</b>	45	18,099	0.0020
<b>Total</b>	<b>47</b>	<b>18,101</b>	<b>0.0020</b>

(iii) Invalid votes:

Mode of voting	Number of Members voted	Number of votes cast by Members
<b>E-voting at AGM</b>	0	0
<b>Remote e-voting</b>	0	0
<b>Total</b>	<b>0</b>	<b>0</b>



**Item No. 2: Ordinary Resolution**

Re-appointment of a Director in place of Mr. Mahendra N Shah (DIN: 00124629), who retires by rotation and being eligible, offers himself for reappointment.

(i) Voted in favour of the resolution:

Mode of voting	Number of members voted	Number of votes cast by Members	% of total number of valid votes cast
<b>E-voting at AGM</b>	6	34,07,035	100
<b>Remote e-voting</b>	1,421	90,45,38,680	99.9927
<b>Total</b>	<b>1,427</b>	<b>90,79,45,715</b>	<b>99.9927</b>

(ii) Voted against the resolution:

Mode of voting	Number of members voted	Number of votes cast by Members	% of total number of valid votes cast
<b>E-voting at AGM</b>	2	2	0
<b>Remote e-voting</b>	63	66,384	0.0073
<b>Total</b>	<b>65</b>	<b>66,386</b>	<b>0.0073</b>

(iii) Invalid votes:

Mode of voting	Number of Members voted	Number of votes cast by Members
<b>E-voting at AGM</b>	0	0
<b>Remote e-voting</b>	0	0
<b>Total</b>	<b>0</b>	<b>0</b>



**Item No. 3: Ordinary Resolution**

Re-appointment of Mr. Mahendra N Shah (DIN: 00124629) as the Managing Director of the Company w.e.f. October 01, 2023 till September 30, 2024.

(i) Voted in favour of the resolution:

Mode of voting	Number of members voted	Number of votes cast by Members	% of total number of valid votes cast
<b>E-voting at AGM</b>	6	34,07,035	100
<b>Remote e-voting</b>	1,422	90,45,56,822	99.9927
<b>Total</b>	<b>1,428</b>	<b>90,79,63,857</b>	<b>99.9927</b>

(ii) Voted against the resolution:

Mode of voting	Number of members voted	Number of votes cast by Members	% of total number of valid votes cast
<b>E-voting at AGM</b>	2	2	0
<b>Remote e-voting</b>	60	66,411	0.0073
<b>Total</b>	<b>62</b>	<b>66,413</b>	<b>0.0073</b>

(iii) Invalid votes:

Mode of voting	Number of Members voted	Number of votes cast by Members
<b>E-voting at AGM</b>	0	0
<b>Remote e-voting</b>	0	0
<b>Total</b>	<b>0</b>	<b>0</b>





**Item No. 4: Special Resolution**

Payment of the remuneration to Mr. Mahendra N Shah as the Managing Director of the Company.

(i) Voted in favour of the resolution:

Mode of voting	Number of members voted	Number of votes cast by Members	% of total number of valid votes cast
<b>E-voting at AGM</b>	6	34,07,035	100
<b>Remote e-voting</b>	1,393	90,43,60,614	99.9714
<b>Total</b>	<b>1,399</b>	<b>90,77,67,649</b>	<b>99.9714</b>

(ii) Voted against the resolution:

Mode of voting	Number of members voted	Number of votes cast by Members	% of total number of valid votes cast
<b>E-voting at AGM</b>	2	2	0
<b>Remote e-voting</b>	87	2,59,167	0.0286
<b>Total</b>	<b>89</b>	<b>2,59,169</b>	<b>0.0286</b>

(iii) Invalid votes:

Mode of voting	Number of Members voted	Number of votes cast by Members
<b>E-voting at AGM</b>	0	0
<b>Remote e-voting</b>	0	0
<b>Total</b>	<b>0</b>	<b>0</b>



**Item No. 5: Ordinary Resolution**

Appointment of Mr. Bipin Gemani (DIN: 07816126) as the Whole Time Director and Chief Financial Officer of the Company with effect from July 17, 2023 till September 30, 2024.

(i) Voted in favour of the resolution:

Mode of voting	Number of members voted	Number of votes cast by Members	% of total number of valid votes cast
<b>E-voting at AGM</b>	6	34,07,035	100
<b>Remote e-voting</b>	1,425	90,46,03,180	99.9981
<b>Total</b>	<b>1,431</b>	<b>90,80,10,215</b>	<b>99.9981</b>

(ii) Voted against the resolution:

Mode of voting	Number of members voted	Number of votes cast by Members	% of total number of valid votes cast
<b>E-voting at AGM</b>	2	2	0
<b>Remote e-voting</b>	56	17,068	0.0019
<b>Total</b>	<b>58</b>	<b>17,070</b>	<b>0.0019</b>

(iii) Invalid votes:

Mode of voting	Number of Members voted	Number of votes cast by Members
<b>E-voting at AGM</b>	0	0
<b>Remote e-voting</b>	0	0
<b>Total</b>	<b>0</b>	<b>0</b>



**Item No. 6: Special Resolution**

Payment of remuneration to Mr. Bipin Gemani as the Whole Time Director and Chief Financial Officer of the Company.

(i) Voted in favour of the resolution:

Mode of voting	Number of members voted	Number of votes cast by Members	% of total number of valid votes cast
<b>E-voting at AGM</b>	6	34,07,035	100
<b>Remote e-voting</b>	1,394	90,43,68,724	99.9743
<b>Total</b>	<b>1,400</b>	<b>90,77,75,759</b>	<b>99.9743</b>

(ii) Voted against the resolution:

Mode of voting	Number of members voted	Number of votes cast by Members	% of total number of valid votes cast
<b>E-voting at AGM</b>	2	2	0
<b>Remote e-voting</b>	83	2,32,717	0.0257
<b>Total</b>	<b>85</b>	<b>2,32,719</b>	<b>0.0257</b>

(iii) Invalid votes:

Mode of voting	Number of Members voted	Number of votes cast by Members
<b>E-voting at AGM</b>	0	0
<b>Remote e-voting</b>	0	0
<b>Total</b>	<b>0</b>	<b>0</b>



- (viii) All the resolutions mentioned in the AGM notice dated July 17, 2023 as per the details above stand passed with requisite majority.
- (ix) The electronic data and all other relevant records relating to the e-voting is under my safe custody and all will be handed over to the Company Secretary for preserving safely after the Chairman considers, approves and signs the minutes of the AGM.

Thanking You,

Yours Faithfully,  
For Bhandari & Associates  
Company Secretaries

*Manisha*



Manisha Maheshwari  
Partner  
ACS No. 30224  
C.P. No. 11031  
ICSI UDIN: A030224E000817604  
Mumbai | August 17, 2023

*Vidhi Maheshwari*

Witness 1: Vidhi Maheshwari

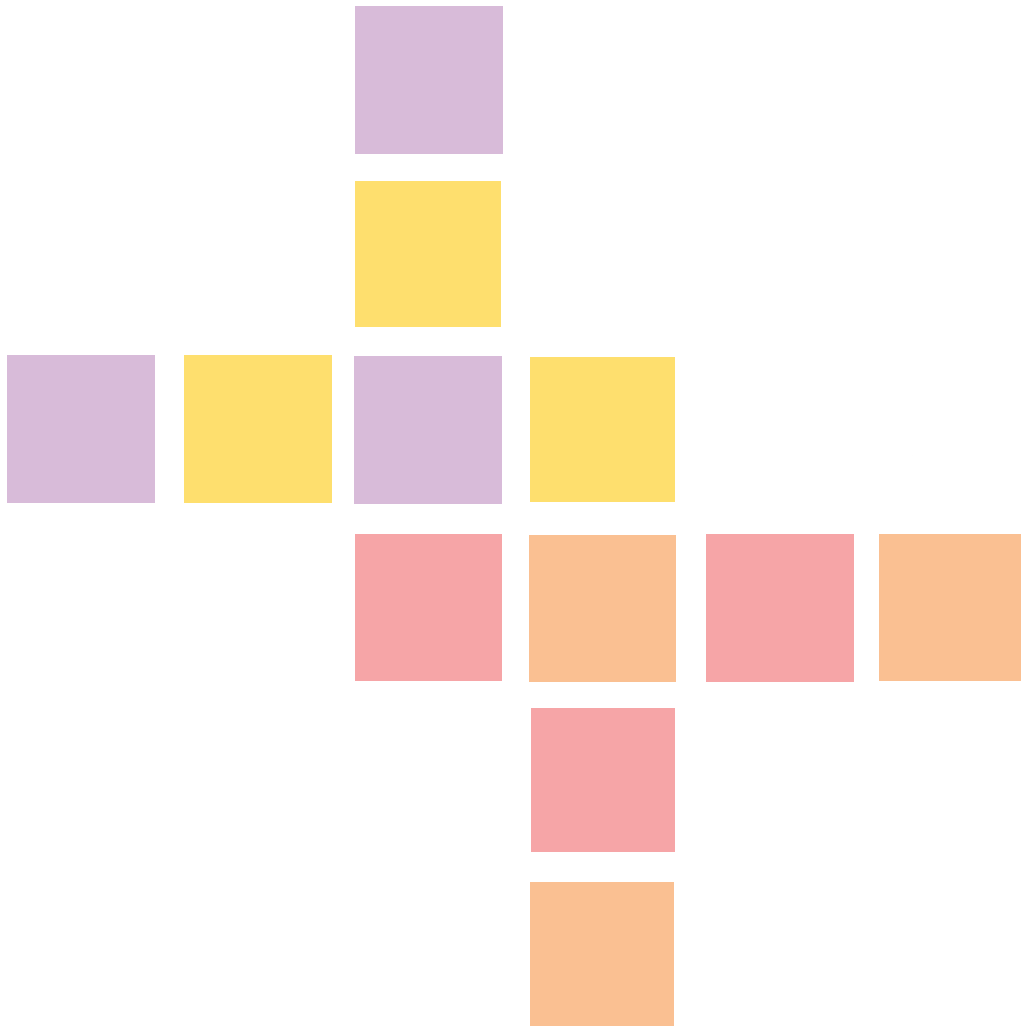
*Palak Vora*

Witness 2: Palak Vora

Counter signed by:  
For IDFC Limited

*Shivangi*

Shivangi Mistry  
Company Secretary  
(Under Authority by the Chairman)



IDFC LIMITED  
**26th Annual Report  
2022-23**

# SAVE PAPER, SAVE TREES, SAVE THE EARTH.

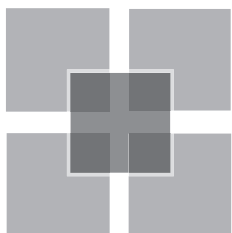
370,000+ Shareholders have already registered their email id.

The Companies Act, 2013, as a part of Green Initiative, allows companies to go for paperless compliances by sending Notice, Annual Report and other related documents by e-mail to it's Shareholders. Many of the Shareholders have registered their e-mail address and we thank them for the same. Shareholders, who have not registered their e-mail address so far or wish to change their e-mail address may, as a support to this initiative, register their e-mail address by sending an e-mail to 'info@idfclimited.com', quoting their Name, Folio No. / DP ID / Client ID and e-mail address to be registered with us for enabling us to send documents in electronic form. Also, registering your e-mail address with us will ensure that we directly connect with you and no important communication from our side is missed by you as a Shareholder of the Company.

Those members who have not registered their email addresses with the Company's RTA / Depository Participants, as the case may be, are requested to visit [https://ris.kfintech.com/email\\_registration/](https://ris.kfintech.com/email_registration/) and follow the process as mentioned on the landing page to receive the Annual Report, AGM Notice and Voting Instructions. In case of any queries, Shareholder may write to [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com).

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## CHAIRMAN'S STATEMENT

Dear Shareholders,

As I reflect upon the extra-ordinary journey we have embarked on together, I am truly overwhelmed and humbled by the events of the past 12 months.

Towards creating value for you - Our Shareholders - we have now fully exited from all our businesses except our holding in IDFC FIRST Bank Limited ("IDFC FIRST Bank"). During the year, we successfully completed (i) merger of three wholly owned subsidiaries of IDFC Limited ("IDFC") with IDFC, (ii) sale of IDFC Asset Management Company and IDFC AMC Trustee Company to Bandhan consortium, and (iii) divestment of IDFC Foundation with underlying two joint venture entities i.e. Delhi Integrated Multi-Modal Transit System Limited ("DIMTS") and Infrastructure Development Corporation (Karnataka) Limited ("iDeCK").

Truly extraordinary achievements in the past year which made it possible to take the final step i.e., merger of IDFC and IDFC Financial Holding Company Limited ("IDFC FHCL") with IDFC FIRST Bank.

Notwithstanding macro and geopolitical challenges during the last fiscal, the IDFC Mutual Fund sale transaction was executed most efficiently at a valuation comparable to the best in the industry (valuation of Rs. 4,500 crore, gross of taxes). The sale was subject to various regulatory approvals which got completed on January 31, 2023.

Most of the sale proceeds were utilized to subscribe to a preferential offer made by IDFC FIRST Bank to provide growth capital for the Bank and to also increase our stake in the Bank from 36.49% to 39.99% investing about Rs. 2,200 crore (at price of about Rs. 58/- per share of the



Bank) and the Board declared a special dividend of Rs. 11/- per share which was paid in February 2023. Thus, IDFC paid a total Rs. 12 per share as dividend during the fiscal year 2023 amounting to Rs. 1,920 crore.

Post above steps, we moved quickly towards the last lap. The Board of Directors of all three entities i.e. IDFC, IDFC FHCL & IDFC FIRST Bank at their respective meetings held on July 3, 2023 approved the amalgamation of IDFC FHCL and IDFC with IDFC FIRST Bank and approved a Share Exchange Ratio of 155 Equity Shares of IDFC FIRST Bank for every 100 Equity Shares of IDFC. The amalgamation is subject to the receipt of all regulatory approvals including stock exchanges, SEBI, RBI, CCI & others as applicable.

Barring any unforeseen circumstances, we believe the proposed amalgamation should be completed in 9-12 months period. On completion, IDFC will cease to exist and we, the Board of IDFC, would have achieved our objective to realize the best value for you - Our Shareholders. It's a matter of great satisfaction for all of us.

Consequently, the holding company discount has come down from over 30% to about 10 - 12%. The market cap of IDFC which was at around Rs. 8,000 crore a year ago, has now increased to Rs. 18,000 crore after paying Rs. 1,920 crore as dividend. I am simply humbled by this experience.

During the fiscal year, the balance sheet size increased from Rs. 9,416 crore as on March 31, 2022 to Rs. 9,570 crore as on March 31, 2023. Profit after tax and other comprehensive income was higher at Rs. 2,029 crore for FY 23 as compared to Rs. 53 crore in FY 22. The net worth of IDFC increased from Rs. 9,391 crore as on March 31, 2022 to Rs. 9,518 crore as on March 31, 2023.

During the year, on 30th September, 2022, Mr. Sunil Kakar completed his tenure as MD & CEO and Mr. Mahendra

N Shah was appointed as the Managing Director. Mr. Mahendra led a very skeleton team and worked hard on completion of the remaining task of corporate simplification. Mr. Mahendra was ably assisted by Mr. Bipin Gemani who has been the CFO of IDFC and the Board has now recommended to elevate him as a Whole Time Director and CFO, subject to your approval at the AGM.

Our Bank continues to do well and its foundation is built on customer-first principles. It continues to invest in laying a strong, modular and contemporary technology architecture that will enable efficiency, resilience, and growth.

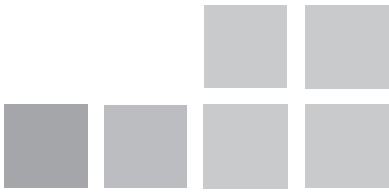
Our Bank recorded a PAT of Rs. 2,437 crore in FY 23, with strong Capital Adequacy of 16.82%. The quarterly net profit grew 134% YOY from Rs. 343 crore in Q4-FY22 to Rs. 803 crore in Q4-FY23 driven by strong growth in core operating income.

I take this opportunity to thank all our 6 employees for their relentless efforts during this year.

Finally, I wish to thank each one of you - Our valued Shareholders, for placing your faith and confidence in us. I look forward to your continued guidance & support.

Warmly,

**Anil Singhvi**  
Independent Non-Executive Chairman  
July 17, 2023



# COMPANY INFORMATION

## BOARD OF DIRECTORS

MR. ANIL SINGHVI  
Independent Non-Executive Chairman

DR. JAIMINI BHAGWATI  
Independent Director

MS. ANITA BELANI  
Independent Director

MR. AJAY SONDHI  
Independent Director

MS. RITU ANAND  
Independent Director  
(till August 15, 2022)

MR. SUNIL KAKAR  
Managing Director & CEO  
(till September 30, 2022)

MR. MAHENDRA N. SHAH  
Managing Director (w.e.f. October 01, 2022)  
Managing Director - Designate  
(w.e.f. August 24, 2022 till September 30, 2022)

MR. BIPIN GEMANI  
Whole Time Director & CFO  
(w.e.f. July 17, 2023)

## OFFICES

### REGISTERED OFFICE CHENNAI

4<sup>th</sup> Floor, Capitale Tower,  
555 Anna Salai, Thiru Vi Ka Kudiyiruppu,  
Teynampet, Chennai - 600 018  
TEL: +91 44 4564 4201 / 4202 / 4223

### CORPORATE OFFICE MUMBAI

906/907, 9th Floor, Embassy Centre,  
Jamnalal Bajaj Road,  
Nariman Point, Mumbai - 400 021  
TEL: +91 22 2282 1549

## CORPORATE INFORMATION

CIN: L65191TN1997PLC037415  
[www.idfclimited.com](http://www.idfclimited.com)  
[info@idfclimited.com](mailto:info@idfclimited.com)

### STATUTORY AUDITORS

KKC & Associates LLP  
(previously, Khimji Kunverji & Co LLP),  
Chartered Accountants

### PRINCIPAL BANKER

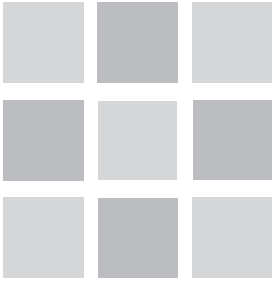
IDFC FIRST Bank Limited

### COMPANY SECRETARY

Ms. Shivangi M. Mistry

### REGISTRAR AND SHARE TRANSFER AGENT

KFin Technologies Limited  
(formerly known as KFin Technologies  
Private Limited)  
(Unit: IDFC Limited)  
Selenium Tower B,  
Plot Nos. 31 & 32,  
Financial District, Nanakramguda,  
Serilingampally Mandal,  
Hyderabad - 500 032, India.  
TEL: +91 40 6716 1512  
EMAIL: [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com)



# BOARD'S REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Twenty-Sixth Annual Report on the business and operations of the Company together with the audited financial statements, prepared under Ind-AS, for the financial year ended March 31, 2023.

## OPERATIONS REVIEW

Effective October 1, 2015 post demerger of Financing Undertaking into IDFC FIRST Bank Limited (earlier known as IDFC Bank) ("IDFC FIRST Bank" or "the Bank"), IDFC Limited ("IDFC" or "the Company") is operating as an NBFC - Investment Company mainly holding investment in IDFC Financial Holding Company Limited ("IDFC FHCL") which is a non-operative financial holding company. IDFC FHCL in turn holds investments in IDFC FIRST Bank Limited. IDFC has minimal business operations and its main focus is to simplify corporate structure and unlock value for shareholders. During the year, Balance Sheet size increased from Rs. 9,416.45 crore as on March 31, 2022 to Rs. 9,570.64 crore as on March 31, 2023. Profit after tax and other comprehensive income was higher at Rs. 2,029.00 crore for FY23 as compared to Rs. 53.88 crore in FY22. Net worth of the Company increased from Rs. 9,391.06 crore as on March 31, 2022 to Rs. 9,518.64 crore as on March 31, 2023. During the year, the Company transferred

Rs. 405.83 crore to Special Reserve u/s 45-IC of Reserve Bank of India ("RBI") Act, 1934. Details of business overview and outlook of the Company and its subsidiaries are appearing in the chapter Management Discussion and Analysis which forms part of this report.

## DIVIDEND

The Board of Directors at its meeting held on February 01, 2023 declared a special dividend of Rs.11/- per share. The same was paid on February 23, 2023. The Board also at its meeting held on April 06, 2022 declared an interim dividend of Re. 1/- per share. The same was paid to the Shareholders on May 02, 2022. The Board has not recommended any final dividend for FY 23.

## DIVIDEND DISTRIBUTION POLICY

In accordance with the Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations"), IDFC had formulated

a Dividend Distribution Policy. The policy was adopted to set out the parameters and circumstances that will be considered by the Board in determining the distribution of dividend to its Shareholders and / or retaining profits earned by the Company. The said policy is hosted on the website of the Company and can be viewed at [http://www.idfclimited.com/investor\\_relations/corporate\\_governance\\_policies.htm](http://www.idfclimited.com/investor_relations/corporate_governance_policies.htm).

## SUBSIDIARY COMPANIES

The Company has one domestic direct subsidiary & three associate companies as on March 31, 2023 which are given in **Table 1**.

## CORPORATE SIMPLIFICATION DURING THE YEAR

### Sale of IDFC Asset Management Company Limited (IDFC AMC) and IDFC AMC Trustee Company Limited (IDFC AMC Trustee)

The Board of Directors of IDFC and the Board of Directors of IDFC FHCL at their respective meetings held on April 06, 2022, had inter alia considered binding bids received in connection with divestment of IDFC AMC along with IDFC AMC Trustee and had approved sale of the entire shareholding of IDFC AMC and IDFC AMC Trustee held by IDFC FHCL to a consortium comprising of Bandhan Financial Holding Limited, Lathe Investment Pte. Ltd. (affiliate of GIC), Tangerine Investments Limited and Infinity Partners (affiliates of ChrysCapital). On July 07, 2022, the Shareholders of IDFC through postal ballot had approved the divestment/ sale/ disposal of the IDFC AMC (material subsidiary of IDFC) and IDFC AMC Trustee.

The aforesaid transaction was completed on January 31, 2023 after receipt of all necessary regulatory approvals and completion of mutually agreed closing related actions. On sale of IDFC AMC & IDFC AMC Trustee, IDFC FHCL (a wholly owned subsidiary of IDFC Limited) received sale consideration of Rs. 4,490.50 crore. The sale proceeds of Rs. 4,490.50 crore were utilised to:

- (a) pay income tax of approx.: Rs. 350.00 crore;
- (b) subscribe to preferential offer made by IDFC FIRST Bank @ Rs. 58.18 per share to take our holding in IDFC FIRST Bank from 36.4% to 39.99%, Rs. 2,200.00 crore;

- (c) pay dividend to IDFC's Shareholders Rs. 1,760.00 crore.

As a result of the sale, IDFC AMC and IDFC AMC Trustee ceased to be a part of IDFC Group Companies with immediate effect. Subsequently, on April 19, 2023 name has been changed from IDFC Asset Management Company Limited to Bandhan AMC Limited and IDFC AMC Trustee Company Limited to Bandhand Mutual Fund Trustee Limited.

### MERGER OF THREE WHOLLY OWNED SUBSIDIARIES

In order to simplify corporate structure and to bring synergy, the Board of Directors ('the Board') of IDFC at its meeting held on November 09, 2021 had inter alia considered and approved the Scheme of Amalgamation of IDFC Alternatives Limited (the Transferor Company 1), IDFC Trustee Company Limited (Transferor Company 2) and IDFC Projects Limited (Transferor Company 3) (wholly owned subsidiary Companies) into IDFC (Transferee Company) subject to regulatory approvals from various authorities, as applicable. The Registrar of Companies, Chennai upon receipt of the proposed scheme and Form CAA-9 has intimated the Transferor Company 1, the Transferor Company 2, the Transferor Company 3, and the Transferee Company that it has no observations/suggestions to the Scheme of Amalgamation vide letter dated February 01, 2022. On February 06, 2022, the Shareholders of IDFC through postal ballot had approved the aforesaid Scheme of Amalgamation. The Official Liquidator attached to the Madras High Court has intimated the Transferor Company 1, the Transferor Company 2 and the Transferor Company 3 that it has no observations/suggestions to the Scheme

of Amalgamation vide letter dated March 24, 2022.

The aforesaid scheme was approved and sanctioned by the Hon'ble National Company Law Tribunal, Chennai bench vide Order dated November 22, 2022 ('NCLT Order'). The captioned Scheme of Amalgamation has become operative from December 09, 2022 ('Effective Date'). As on March 31, 2023, IDFC Alternatives Limited, IDFC Trustee Company Limited and IDFC Projects Limited ceased to exist.

### IDFC FOUNDATION

On October 28, 2022, IDFC had entered in to "Deed of Donation" for Donation of entire equity stake held in IDFC Foundation by IDFC to Upajeevan Sangathan Foundation (a "Not for profit" organisation within the meaning of section 8 of the Companies Act, 2013). With divestment of IDFC Foundation, Delhi Integrated Multi - Modal Transit System Limited (DIMTS) and Infrastructure Development Corporation (Karnataka) Limited (iDeCK), both these two joint venture entities have also been divested. As on March 31, 2023, IDFC Foundation ceased to be subsidiary company of IDFC.

### PROPOSED MERGER OF IDFC, IDFC FHCL AND IDFC FIRST BANK

The Boards of IDFC, IDFC FHCL and IDFC FIRST Bank at their respecting meetings held on December 30, 2021 have accorded in-principle approval to merge IDFC and IDFC FHCL with IDFC FIRST Bank. The Board of directors of IDFC and IDFC FHCL at their respective meetings held on March 18, 2023 approved: (a) Appointment of SSPA & CO., Chartered Accountants as registered valuer for recommendation of fair share exchange ratio (b) Appointment

## 01 SUBSIDIARY / ASSOCIATE COMPANIES

SR. NO.	NAME OF THE SUBSIDIARY / ASSOCIATES	DIRECT / INDIRECT SUBSIDIARY / ASSOCIATES	% OF SHAREHOLDING
<b>Domestic Subsidiary</b>			
i.	IDFC Financial Holding Company Limited ("IDFC FHCL")	Direct	100%
<b>Associates</b>			
i.	IDFC FIRST Bank Limited	Indirect through IDFC FHCL	39.99%
ii.	IDFC FIRST Bharat Limited	Indirect through IDFC FIRST Bank	39.99%
iii.	Jetpur Somnath Tollways Private Limited	Indirect through IDFC Limited	26%

of Axis Capital Limited for issuance of fairness opinion on the share exchange ratio (c) Appointment of Cyril Amarchand Mangaldas - Law Firm for conducting due diligence, drafting and finalizing scheme of amalgamation and filing regulatory applications.

Based on recommendations and report of the Audit Committee and the Independent Directors' Committee, the Board of Directors of IDFC and IDFC FHCL, at their respective meetings held on July 3, 2023, have Inter alia, approved a composite Scheme of Amalgamation, ("**the Scheme**") which inter alia envisages the amalgamation of: (i) IDFC FHCL into and with IDFC; and (ii) IDFC into IDFC FIRST Bank, and their respective shareholders, under Sections 230 to 232 of the Act and other applicable laws including the rules and regulations ("**Proposed Transaction**"). The Scheme is subject to the receipt of requisite approvals from: (i) the Reserve Bank of India ("**RBI**"), (ii) Securities and Exchange Board of India ("**SEBI**"), (iii) Pension Fund Regulatory and Development Authority, (iv) Competition Commission of India ("**CCI**"), (v) National Company Law Tribunal, (vi) BSE Limited and the National Stock Exchange of India Limited (collectively, the "**Stock Exchanges**"), and (vii) other statutory and regulatory authorities, and the respective Shareholders, under applicable law.

The share exchange ratio for the amalgamation of IDFC with and into IDFC FIRST Bank shall be 155 equity shares (credited as fully paid up) of face value of Rs. 10/- (Indian Rupees Ten) each of IDFC FIRST Bank for every 100 fully paid-up equity shares of face value of Rs. 10/- (Indian Rupees Ten) of IDFC.

As per the Scheme, (i) "Appointed date 1" means close of business hours on the day immediately preceding the Effective Date for the merger of IDFC FHCL into and with IDFC, and (ii) "Appointed Date 2" means opening of business hours on the Effective Date for merger of IDFC into IDFC FIRST Bank. The Scheme shall be operative from the Effective Date (as defined in the Scheme).

## CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors of IDFC reviews the affairs of its subsidiary companies regularly. In accordance with the provisions of Section 129(3) of the Companies Act, 2013 ("the act"), the Company has prepared Consolidated Financial Statements including requisite details of the subsidiary. Further, a statement containing the salient features of performance and financial positions of all the subsidiary companies / associates/ joint ventures in the format AOC-I is appended as **Annexure 1**. In accordance with Section 136 of the Act, the Audited Financial Statements together with the Consolidated Financial Statements and related information of the Company and audited accounts of each subsidiary company are available on the website of the Company: [www.idfclimited.com](http://www.idfclimited.com). Detailed analysis of the performance of IDFC and its businesses, including initiatives in the areas of Risk Management, Human Resources, have been presented in the section on Management Discussion & Analysis which forms part of this Annual Report.

## PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

IDFC had 7 employees as on March 31, 2023. In terms of the provisions of Section 197(12) of the Act, read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended from time to time, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules is provided in this Annual Report. Having regard to the provisions of the first proviso to Section 136(1) of the Act, the Annual Report excluding the aforesaid information is being sent to the Shareholders of the Company. The said information is available for inspection at the Registered Office and Corporate Office of the Company during working hours and any Member interested in obtaining such information may write to the Company Secretary and the same will be furnished on request. Disclosure pertaining to remuneration & other details as required under section 197(12) of the Act, read with

Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended from time to time, are appended as **Annexure 2**.

## SHARE CAPITAL UPDATE

During the year, the Company issued and allotted 35,48,494 equity shares to eligible employees of IDFC on exercise of options granted under Employee Stock Option Scheme 2016 ("IDFC ESOS -2016"). As on March 31, 2023, the total paid up capital of IDFC was 1,59,99,84,436 equity shares of Rs. 10/- each.

## MANAGEMENT DISCUSSION ANALYSIS AND REPORT ON CORPORATE GOVERNANCE

In compliance with Regulation 34 of SEBI LODR Regulations, separate detailed chapters on Management Discussion & Analysis, Report on Corporate Governance and Additional Shareholder Information forms part of this Annual Report.

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

As per Regulation 34(2)(f) of SEBI LODR Regulations and Notifications issued from time to time, a separate report called Business Responsibility and Sustainability Report ("BRSR") describing the initiatives taken by IDFC from an environmental, social and governance perspective which forms part of this Annual Report and also hosted on the website of the Company i.e. [www.idfclimited.com](http://www.idfclimited.com).

## PUBLIC DEPOSITS

During FY23, your Company has not accepted any deposits from the public within the meaning of the provisions of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998 or under Chapter V of the Act.

## PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Post demerger of financing undertaking into IDFC Bank w.e.f. October 1, 2015, IDFC is registered with RBI as NBFC – Investment Company. Being an investment company, the provisions of Section 186 of the Act are not applicable to IDFC. Hence,

the requisite details of loans, guarantees and investments are not given.

## VIGIL MECHANISM / WHISTLE BLOWER POLICY

IDFC has put in place a Whistle Blower Policy, which includes reporting to the Management instances of unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct. The Audit Committee directly oversees the Vigil Mechanism. The provisions of the policy are also in line with the provisions of Section 177 (9) & (10) of the Act. The details of Whistle Blower Policy / Vigil Mechanism are posted on the website of the Company: [www.idfclimited.com](http://www.idfclimited.com). There were no instances reported during the year.

## FOREIGN EXCHANGE

There were no foreign exchange earnings or expenditure during the year under review.

## PARTICULARS REGARDING CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

Since the Company does not carry out any manufacturing activity, the particulars regarding conservation of energy, technology absorption and other particulars as required by Section 134(3) (m) of the Act read with the Companies (Accounts) Rules, 2014 are not applicable to IDFC.

## DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Board of IDFC at its Meeting held on August 14, 2019 had appointed Ms. Ritu Anand (DIN: 05154174) as an Additional Director in the category of Independent Director ("ID") w.e.f. August 16, 2019. At the 22nd AGM held on September 30, 2019, the Shareholders of the Company had approved her appointment as an ID for a period of three (3) consecutive years w.e.f. August 16, 2019 till August 15, 2022. Accordingly, Ms. Ritu Anand had completed her term of 3 (three) consecutive years at the close of business hours on August 15, 2022 and hence, ceased to be an ID of the IDFC. The Board places on record its sincere appreciation for the valuable contribution by her.

The Nomination and Remuneration Committee and the Board of Directors of IDFC, at their respective meetings held on August 24, 2022 accepted the resignation of Mr. Mahendra N Shah as the Company Secretary and Compliance Officer of IDFC at the close of business hours on August 24, 2022. The Board also approved an appointment of Mr. Mahendra N Shah (DIN: 00124629) as the Managing Director-Designate of the Company with immediate effect.

Further, based on recommendation of Nomination and Remuneration Committee, the Board of Directors of the Company appointed Ms. Shivangi Mistry as the Company Secretary and Compliance Officer of the Company w.e.f. August 25, 2022 as designated Key Managerial Personnel in place of Mr. Mahendra N Shah.

Mr. Sunil Kakar was appointed as the Managing Director & Chief Executive Officer ("MD & CEO") of IDFC in the capacity of Key Managerial Personnel for a period of 3 years with effect from July 16, 2017. At the 20th AGM of the Company held on July 28, 2017, the Shareholders of the Company appointed Mr. Sunil Kakar (DIN: 03055561), as the MD & CEO, designated Key Managerial Personnel of the Company for a period of three (3) years w.e.f. July 16, 2017. Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company, at its meeting held on June 25, 2020 approved the re-appointment of Mr. Sunil Kakar as the MD & CEO of IDFC from July 16, 2020 till September 30, 2022 subject to approval of the Shareholders. The Shareholders of the Company vide a special resolution passed at its 23rd AGM held on September 25, 2020, re-appointed Mr. Sunil Kakar (DIN: 03055561) as the MD & CEO of IDFC w.e.f. July 16, 2020 till September 30, 2022. The term of Mr. Sunil Kakar as the MD & CEO of the Company ended at the close of business hours on September 30, 2022. The Board places on record its sincere appreciation for the valuable contribution by him.

The Shareholders of the Company, at its 25th AGM held on September 27, 2022,

approved appointment of Mr. Mahendra N Shah (DIN: 00124629) as the Managing Director with effect from October 01, 2022 till September 30, 2023. Accordingly, Mr. Mahendra N Shah was designated as the Managing Director in the capacity of Key Managerial Personnel of the Company with effect from October 01, 2022.

The current term of Mr. Mahendra N Shah will expire on September 30, 2023.

The Shareholders of the Company, at its 23rd AGM held on September 25, 2020, appointed Mr. Ajay Sondhi (DIN: 01657614) as Non-executive Independent Director for a period of 3 (three) consecutive years, from w.e.f. November 08, 2019. The Nomination and Remuneration Committee of the Company, at its meeting held on November 07, 2022, recommended the re-appointment of Mr. Ajay Sondhi as ID w.e.f. November 08, 2022 till conclusion of the 26th AGM of the Company to be held for FY23. Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company at its meeting held on November 11, 2022 approved and proposed to Members, the re-appointment of Mr. Ajay Sondhi as ID w.e.f. November 08, 2022 till conclusion of the 26th AGM of the Company to be held for FY 23. The Shareholders of the Company through Postal Ballot dated February 07, 2023, approved the re-appointment of Mr. Ajay Sondhi as ID w.e.f. November 08, 2022 till conclusion of the 26th AGM of the Company to be held for FY 23.

In accordance with the provisions of Section 152 of the Act, Mr. Mahendra N Shah (DIN: 00124629) would retire by rotation at the ensuing AGM and being eligible, offers himself for re-appointment.

Based on recommendation of Nomination and Remuneration Committee, the Board of Directors of the Company, at its meeting held on July 17, 2023, re-appointed Mr. Mahendra N. Shah (DIN: 00124629) as the Managing Director w.e.f. October 01, 2023 till September 30, 2024 subject to approval of the Shareholders of the Company.

Further, based on recommendation of Nomination and Remuneration Committee and Audit Committee, the Board of Directors of the Company at its meeting held on July 17, 2023, appointed Mr. Bipin Gemani (DIN: 07816126) as the Whole Time Director and Chief Financial Officer w.e.f. July 17, 2023 till September 30, 2024 subject to approval of the Shareholder of the Company.

Approval of the Shareholders is sought for re-appointment of Mr. Mahendra N. Shah and appointment of Mr. Bipin Gemani at the ensuing AGM.

## **FRAMEWORK FOR APPOINTMENT OF DIRECTORS**

The Company has in place a framework for Board Diversity, Fit & Proper Criteria and Succession Planning for appointment of Directors on the Board of the Company.

## **DECLARATION OF INDEPENDENCE**

The Company has received a declaration from all IDs that they meet the criteria of independence specified under Section 149 of the Act, read with Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16(1)(b) of SEBI LODR Regulations for holding the position of ID and that they shall abide by the "Code for Independent Directors" as per Schedule IV of the Act. Pursuant to IICA, Companies (Accounts) Amendments Rules, 2019 Companies (Creation and Maintenance of Databank of Independent Directors) Rules, 2019 and Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2019 dated 22nd October, 2019, all IDs on the Board of the Company completed registration on Data Bank.

## **SPECIAL BUSINESS**

The Board of Directors recommends the following items under special business for approval of the Shareholders at the ensuing AGM:

- i. Re-appointment of Mr. Mahendra N Shah as the Managing Director.
- ii. Payment of the remuneration to Mr. Mahendra N Shah as the Managing Director.



- iii. Appointment of Mr. Bipin Gemani as the Whole Time Director and Chief Financial Officer.
- iv. Payment of Remuneration to Mr. Bipin Gemani as the Whole Time Director and Chief Financial Officer.

## **SHAREHOLDERS' UPDATE BOARD AND ITS COMMITTEES**

During the year, 12 Board Meetings and 5 Audit Committee Meetings were held. The Audit Committee was re-constituted on August 24, 2022. The Committee is chaired by Mr. Anil Singhvi (DIN: 00239589) and has Mr. Ajay Sondhi (DIN: 01657614) and Ms. Anita Belani (DIN: 01532511) as its Members. All the recommendations made by the Audit Committee during the year were accepted by the Board. The details of the constitution and meetings of the Board, Audit Committee and other Committees held during the year are provided in the Corporate Governance Report, which forms part of this Annual Report.

### **BOARD EVALUATION**

Pursuant to SEBI LODR Regulations and the Act, the process indicating the manner in which formal annual evaluation of the Chairman, Directors, Board as a whole and Board level committee is given in the Corporate Governance Report, which forms part of this Annual Report.

### **NOMINATION & REMUNERATION COMMITTEE / REMUNERATION POLICY**

The Company has a policy in place for identification of independence, qualifications and positive attributes of Directors. IDFC has put in place a Remuneration Policy for the Directors, Key Managerial Personnel, Senior Management and Other Employees. The remuneration of the Executive Director and KMPs are recommended by NRC to the Board for its approval.

## **AUDITORS**

### **STATUTORY AUDITORS**

At the 24th AGM of the Company held on September 22, 2021, the Shareholders had approved the appointment of KKC & Associates LLP (previously, Khimji Kunverji

& Co LLP), Chartered Accountants, (FRN 105146W/W-100621) as the Statutory Auditors for a period of 3 years to hold office from the conclusion of the 24th AGM till the conclusion of the 27th AGM of the Company. KKC has confirmed that they are not disqualified from continuing as Statutory Auditors of the Company for FY 24.

### **COST AUDIT**

In terms of the Section 148 of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, the Company is not required to undertake cost audit.

### **SECRETARIAL AUDIT**

Pursuant to the provisions of Section 204 of the Act and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed Bhandari & Associate, Company Secretaries to undertake the Secretarial Audit of the Company for FY23. The Secretarial Audit Report is appended as **Annexure 3**.

There are no qualifications or observations or adverse remarks made by the Statutory Auditors in their report. However, qualifications / observations / adverse remark made by Secretarial Auditors are mentioned on page no. 20.

### **COMPLIANCE WITH SECRETARIAL STANDARDS**

Pursuant to the Secretarial Standard-I issued by the Institute of Company Secretaries of India pertaining to Board of Directors, the Company confirms that all applicable Secretarial Standards have been duly complied with during the period under review.

### **INTERNAL CONTROL SYSTEMS**

The Company has in place, adequate systems of Internal Control to ensure compliance with policies and procedures. It is being constantly assessed and strengthened with new / revised standard operating procedures and tighter Information Technology controls. Internal Audit of the Company is regularly carried out. The Audit Reports of Internal Auditors i.e. M/s Grant Thornton India LLP ("GT")

along with their recommendations and implementation contained therein are regularly reviewed by the Audit Committee.

GT verified the key Internal Financial Control by reviewing key controls impacting financial reporting and overall risk management procedures of the Company and found the same satisfactory. Subsequently, it was placed before the Audit Committee of the Company.

## **RISK MANAGEMENT POLICY**

IDFC as a group, has a robust risk management practice that enables it to book, manage and mitigate risks in all its businesses. The Company has a comprehensive Enterprise Risk Management framework which has been adopted across all entities in the group and covers all three types of risks—credit, market and operational risks. The Board through its Risk Management & IT Strategy Committee monitors and reviews risk management of the group on a regular basis. The details of Risk Management Framework are provided in Management Discussion and Analysis.

## **MATERIAL CHANGES AND COMMITMENT AFFECTING FINANCIAL POSITION OF THE COMPANY**

There are no material changes and commitments, affecting the financial position of IDFC which has occurred between the end of FY23 and the date of this Board's report.

## **INSTANCES OF FRAUD REPORTED BY THE AUDITORS**

There have been no instances of fraud reported by the Auditors under Section 143(12) of the Act.

## **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS / COURTS / TRIBUNALS**

During the year under review, the Scheme of Amalgamation of IDFC Alternatives Limited (the Transferor Company 1), IDFC Trustee Company Limited (the Transferor Company 2) and IDFC Projects Limited (the Transferor Company 3) (wholly owned subsidiary Companies) into IDFC

Limited (Transferee Company) was approved and sanctioned by the Hon'ble National Company Law Tribunal, Chennai bench vide Order dated November 22, 2022 ('NCLT Order'). Apart from above there were no significant and material orders passed by the Regulators / Courts/ Tribunals.

## **PROCEEDINGS UNDER INSOLVENCY AND BANKRUPTCY**

During the year under review, the Company has not made any application nor any proceeding pending against the Company under the Insolvency and Bankruptcy Code, 2016.

## **ANTI SEXUAL HARASSMENT POLICY**

The Company has in place the policy on Anti Sexual Harassment. The Company undertakes ongoing trainings to create awareness on this policy. There were no instances of Sexual Harassment that were reported during the period under review. The Company has constituted an Internal Complaints Committee for redressal of complaints and to prevent sexual harassment.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of the Act:

- > In that in the preparation of the annual financial statements for the year ended March 31, 2023, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- > In that such accounting policies have been selected and applied consistently and judgement and estimates have been made 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, 2023 and of the Profit of the Company for the year ended on that date;
- > In that proper and sufficient care has been taken for the maintenance

of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- > In that the annual financial statements have been prepared on a going concern basis;
- > In that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively;
- > In that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

## **GREEN INITIATIVE**

In accordance with the 'Green Initiative', the Company has been sending the Annual Report / Notice of AGM in electronic mode to those Shareholders whose e-mail Ids are registered with the Company and / or the Depository Participants. Your Directors are thankful to the Shareholders for their active participation in this Green Initiative.

## **ANNUAL RETURN**

The Annual Return of the Company has been placed on the website of the Company [www.idfclimited.com](http://www.idfclimited.com) in compliance with the provisions of section 134(3)(a) read with section 92(3) and the Rules made thereunder.

## **CORPORATE SOCIAL RESPONSIBILITY**

The Corporate Social Responsibility ("CSR") was re-constituted on October 17, 2022. Mr. Anil Singhvi was inducted as the Member of the CSR Committee w.e.f. October 17, 2022. The CSR Committee consists of three Directors:

- i. Dr. Jaimini Bhagwati (DIN: 07274047), Chairman
- ii. Mr. Ajay Sondhi (DIN: 01657614), Member
- iii. Mr. Anil Singhvi (DIN: 00239589), Member

The disclosure of contents of the Corporate Social Responsibility Policy of the Company as prescribed in the Companies (Corporate Social

Responsibility Policy) Rules, 2014 forms part of the Board's Report and appended as **Annexure 4**.

## **RELATED PARTY TRANSACTIONS**

The Company has in place the policy on Related Party Transactions and the same has been uploaded on the website of the Company i.e. [www.idfclimited.com](http://www.idfclimited.com). In all related party transactions that were entered into during the financial year, an endeavor was made consistently that they were on an arm's length basis and were in the ordinary course of business. IDFC has always been committed to good corporate governance practices, including matters relating to Related Party Transactions. Since all related party transactions entered into by the Company were in the ordinary course of business and were on an arm's length basis, Form AOC-2 is not applicable to the Company. No Material Related Party Transactions, i.e. transactions exceeding 10% of the annual consolidated turnover of the Company as per the last audited financial statements, were entered during the year by your Company.

## **EMPLOYEE STOCK OPTION SCHEME**

Pursuant to the resolution passed by the Members through Postal Ballot dated June 25, 2016, IDFC introduced IDFC Employee Stock Option Scheme, 2016 ("IDFC ESOS 2016") to enable the employees of IDFC and its subsidiaries to participate in the future growth and financial success of the Company. The Scheme is in compliance with the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.

The Company determines the fair value of options using the black scholes model which considers the exercise price, the term of the option, share price at grant date, expected price volatility, dividend yield and risk-free interest rate for the term

of the option. The fair value so determined is charged to profit & loss account as employee benefit expense over the vesting period of the grant.

Disclosures as required under the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, have been hosted on the Company's website: [www.idfclimited.com](http://www.idfclimited.com) which forms part of this Annual Report.

## **ACKNOWLEDGEMENTS**

We are grateful to the Government of India, State Governments, RBI, SEBI, Stock Exchanges, various Ministries and other domestic and overseas regulatory bodies for their continuous collaboration and support. We would like to thank all our Shareholders, Banks for their co-operation and assistance during the year under review.

We would like to express our deep sense of appreciation for the hard work and efforts put in by the employees at all levels of the Group.

## **FOR AND ON BEHALF OF THE BOARD**

### **ANIL SINGHVI**

Independent Non-Executive Chairman  
Mumbai | July 17, 2023

**ANNEXURE 1 AOC - I STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENTS OF SUBSIDIARIES / ASSOCIATES / JOINT VENTURES**  
[Pursuant to first proviso to sub-section 3 of Section 129 of the Act, read with Rule 5 of the Companies (Accounts) Rules 2014]

**PART A SUBSIDIARIES**

SR. NO.	NAME OF SUBSIDIARY COMPANIES	CAPITAL	RESERVES	TOTAL ASSETS	TOTAL LIABILITIES
1	IDFC Financial Holding Company Limited (Previous Year)	9,029.24	1,756.19	10,822.44	37.01
		9,029.24	418.94	9,504.77	56.59
2	IDFC Asset Management Company Limited (till January 31, 2023) (Previous Year)	-	-	-	-
		2.68	215.62	358.96	140.66
3	IDFC IEH Conservative Fund (till October 06, 2022) (Previous Year)	-	-	-	-
		43.14	(0.57)	42.93	0.37
4	IDFC Foundation (till October 27, 2022) (Previous Year)	-	-	-	-
		13.00	(1.29)	13.04	1.33
5	IDFC AMC Trustee Company Limited (till January 31, 2023) (Previous Year)	-	-	-	-
		0.05	0.42	0.55	0.08
6	IDFC Investment Managers (Mauritius) Limited ^ (till January 31, 2023) (Previous Year)	-	-	-	-
		4.31	(4.00)	0.36	0.05

^ Exchange rate as on January 31, 2023

Average Rate : 1 USD = ₹ 80.22

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

**Part B ASSOCIATES AND JOINT VENTURES**

SR. NO.	NAME OF ASSOCIATES/JOINT VENTURES	Rs. IN CRORE		
		IDFC FIRST BANK LIMITED	IDFC FIRST BHARAT LIMITED	JETPUR SOMNATH TOLLWAYS PRIVATE LIMITED
1	Latest audited Balance Sheet Date	March 31, 2023	March 31, 2023	March 31, 2023
2	The date since when Associate/Joint Ventures was acquired	October 21, 2014	October 13, 2016	January 11, 2011
3	Shares/Units of Associate/Joint Ventures held by the company on the year end			
	Numbers of shares/units	2,64,64,38,348	22,31,998	4,26,37,400
	Amount of Investment in Associates/Joint Venture	10,550.76	232.40	132.19
	Extend of Holding %	39.99%	39.99%	26.00%
4	Description of how there is significant influence	Associate (see note 1)	Associate (see note 1)	Associate (see note 2)
5	Reason why the associate/joint venture is not consolidated	NA	NA	See note 3
6	Net worth attributable to Shareholding as per latest audited Balance Sheet	10,822.21	50.59	7.07
7	Profit / (Loss) for the year			
	i. Considered in Consolidation	993.67	18.29	-
	i. Not Considered in Consolidation	-	-	0.65

**Note 1:** IDFC FIRST Bank Limited and IDFC FIRST Bharat Limited are Associates of IDFC Financial Holding Company Limited. IDFC FIRST Bank Limited is considered as an associate under IndAS 28. Further, IDFC FIRST Bharat Limited is a 100% subsidiary of IDFC FIRST Bank Limited.

**Note 2:** Jetpur Somnath Tollways Private Limited is an Associate Company of IDFC Limited.

**Note 3:** Losses to the extent of investment in Associate have already been fully absorbed, so entity is no more consolidated.

**Rs. IN CRORE**

INVESTMENTS	TURNOVER	PROFIT BEFORE TAX	PROVISION FOR TAX	OTHER COMPREHENSIVE INCOME	TOTAL COMPREHENSIVE INCOME	PROPOSED DIVIDEND (%)	% OF SHAREHOLDING	
							PREFERENCE	EQUITY
10,550.76	173.06	3,634.39	367.14	-	3,267.25	-	-	100%
9,284.34	340.24	333.82	42.41	-	291.41	-	-	100%
-	303.52	117.28	29.66	1.53	89.14	-	-	0%
256.98	397.91	233.59	57.60	0.87	176.86	-	-	99.96%
-	0.31	(0.29)	(0.01)	-	(0.28)	-	-	0%
38.37	1.74	0.50	(0.12)	-	0.63	-	-	69.54%
-	-	0.06	-	-	0.06	-	-	0%
10.00	5.71	(34.29)	-	0.02	(34.27)	-	-	100%
-	0.50	0.02	0.01	(0.00)	0.01	-	-	0%
-	0.60	0.18	0.05	β	0.13	-	-	100%
-	-	(0.47)	-	-	(0.47)	-	-	0%
-	-	(0.53)	-	-	(0.53)	-	-	99.96%

For and on behalf of the Board of Directors of

**IDFC Limited**

CIN: L65191TN1997PLC037415

**Anil Singhvi**

Non-Executive Chairman

(DIN: 00239589)

Mumbai, May 04, 2023

**Mahendra N. Shah**

Managing Director

(DIN: 00124629)

Mumbai, May 04, 2023

**Bipin Gemani**

Chief Financial Officer

(PAN: AACPG6412A)

Mumbai, May 04, 2023

**Shivangi Mistry**

Company Secretary

(ACS: 52174)

Mumbai, May 04, 2023

## RATIO OF DIRECTOR REMUNERATION TO EMPLOYEE MEDIAN REMUNERATION

The ratio of the remuneration of each Director to the median employee's remuneration and other details in terms of sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and as amended from time to time.

**i. The ratio of the remuneration of each Director to the median remuneration of the employees for the financial year.**

The ratio of the remuneration of the MD to the median remuneration of the employees of IDFC Limited for FY23 was 14x.

**ii. The percentage increase in remuneration of each Director, CFO, CEO, CS in the financial year**

MD – Not Applicable\*  
CFO – Nil  
CS – Not Applicable\*

**iii. The percentage increase in the median remuneration of employees in the financial year**

The median pay increase for eligible employees was 0.5%.

**iv. The number of permanent employees on the rolls of the Company.**

There were 7 employees of the Company as on March 31, 2023

**v. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;**

Average percentile increase for Managerial Personnel for the last financial year was 7%. Average percentile increase for employees other than the Managerial Personnel for the last financial year was 20%. The average percentile increase in the remuneration of employees compared to increase in remuneration of Key

Managerial Personnel as per the Act is in line with the compensation benchmark study and the performance of the Company over a period of time. There is no exceptional increase in the Managerial Remuneration.

**vi. Affirmation that the remuneration is as per the remuneration policy of the Company.**

We confirm.

Note: The Non-Executive Directors of the Company are entitled for sitting fee and commission as per the statutory provisions and within the limits approved by the Shareholders. The details of remuneration of Non-Executive Directors are provided in the Corporate Governance Report. The ratio of remuneration and percentage increase for Non-Executive Directors Remuneration is therefore not considered for the purpose above.

\* appointed during the year

## SECRETARIAL AUDIT REPORT

For the Financial Year Ended 31st March 2023

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
**IDFC Limited**  
**CIN: L65191TN1997PLC037415**

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **IDFC LIMITED** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended **March 31, 2023** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended March 31, 2023 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings#.
- v. The following Regulations and

Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018#;
- d. The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
- e. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021#;
- f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 to the extent of provisions dealing with client and referring to the Companies Act, 2013;
- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021#; and
- h. The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018#;

*# The Regulations or Guidelines, as the case may be were not applicable for the period under review.*

The list of Acts, Laws and Regulations specifically applicable to the Company are given below:

- vi. Reserve Bank of India Guidelines for Licensing of New Banks in the Private Sector, 2013.
- vii. Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015.

We have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards issued by The Institute of Company Secretaries of India.
- ii. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ["Listing Regulations"].

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above to the extent applicable except in respect of the followings:

- i. The Company did not have requisite number of directors on its Board during the period from August 16, 2022 to August 23, 2022 and October 01, 2022 to March 31, 2023 as required under Regulation 17(1)(c) of Listing Regulations.
- ii. The Risk Management Committee did not have requisite number of members during the period from August 16, 2022 to August 23, 2022 as required under Regulation 21 of Listing Regulations. Further, the gap between two meetings of Risk Management Committee held on May 6, 2022 and November 11, 2022 exceeded one hundred and eighty days.
- iii. The Company did not have requisite number of members in its Corporate Social Responsibility Committee during the period from October 1, 2022 to October 16, 2022 as required under section 135(1) of Companies Act, 2013.
- iv. The Company on October 17, 2022, has transferred equity shares in respect of which dividend has not been paid or claimed for seven consecutive years to the Investor Education and Protection Fund. However, the said transfer was required to be done within thirty days from September 3, 2022, pursuant to section 124 of the Companies Act, 2013.

**SECRETARIAL AUDIT REPORT (contd.)**

For the Financial Year Ended 31st March, 2023

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

**We further report that -**

Subject to the foregoing, the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. There was no director on the Board who was liable to retire by rotation under section 152 (6) of the Act at the Annual General Meeting held on September 27, 2022.

Adequate notice was given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance for meetings other than those held at shorter notice, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

During the period under review, decisions of the Board of Directors of the Company were carried through unanimously and no dissenting views were observed, while reviewing the minutes.

**We further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and

ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** during the audit period, the Company has undertaken following events/actions in order to simplify corporate structure and maximize value for shareholders of the Company:

- i. The Board of Directors of IDFC Limited and the Board of Directors of IDFC Financial Holding Company Limited ("IDFC FHCL") at their respective meetings held on April 06, 2022, had inter alia considered binding bids received in connection with divestment of IDFC Asset Management Company Limited ("IDFC AMC") along with IDFC AMC Trustee company Limited ("IDFC AMC Trustee") and had approved sale of the entire shareholding of IDFC AMC and IDFC AMC Trustee held by IDFC FHCL to a consortium comprising of Bandhan Financial Holding Limited, Lathe Investment Pte. Ltd. (affiliate of GIC), Tangerine Investments Limited and Infinity Partners (affiliates of ChrysCapital). The aforesaid transaction was completed on January 31, 2023. On sale of IDFC AMC and IDFC AMC Trustee, IDFC FHCL (wholly owned subsidiary of IDFC Limited) received sale consideration of INR 4,490.50 crore.
- ii. The Scheme of Amalgamation of IDFC Alternatives Limited, IDFC

Trustee Company Limited and IDFC Projects Limited (wholly owned subsidiary companies) into the Company under Section 233 of the Companies Act, 2013 was approved and sanctioned by the Hon'ble National Company Law Tribunal, Chennai Bench vide Order dated November 22, 2022 and Scheme of Amalgamation has become effective from December 09, 2022.

- iii. The Company had entered into "Deed of Donation" for donating the entire equity stake held by it in IDFC Foundation to Upajeevan Sangathan Foundation (both the companies registered under section 8 of the Act). The said transaction was completed on October 28, 2022.

**For Bhandari & Associates  
Company Secretaries**

Firm Registration No: P1981MH043700

**Manisha Maheshwari**Partner  
ACS No: 30224  
C P No. : 11031  
Mumbai | May 04, 2023  
ICSI UDIN: A030224E000253128

*This report is to be read with our letter of even date which is annexed as Annexure 'A' and forms an integral part of this report.*



## SECRETARIAL AUDIT REPORT (contd.)

For the Financial Year Ended 31st March, 2023

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

### ANNEXURE A - TO THE SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2023

To,  
The Members,  
**IDFC Limited**  
**CIN: L65191TN1997PLC037415**

Our Secretarial Audit Report for the Financial Year ended March 31, 2023 of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that

the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For Bhandari & Associates**  
**Company Secretaries**

Firm Registration No: P1981MH043700

**Manisha Maheshwari**

Partner

ACS No: 30224; CP. No: 11031

Mumbai | May 04, 2023

ICSI UDIN: A030224E000253128



## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

Pursuant to Regulation 34(3) and Schedule V Para C Clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”)

To,  
The Members  
**IDFC Limited**  
4th Floor, Capitale Tower,  
555 Anna Salai,  
Thiru vi kudiyiruppu,  
Teynampet, Chennai,  
Tamil Nadu 600018.

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **IDFC Limited** having **CIN: L65191TN1997PLC037415** and having registered office at 4th Floor, Capitale Tower, 555 Anna Salai, Thiru Vi Ka Kudiyiruppu, Teynampet, Chennai, Tamil Nadu - 600018 (hereinafter referred to as “the Company”), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C, Clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company and its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended **March 31, 2023** have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

SR. NO.	NAME OF THE DIRECTOR	DIN	DATE OF APPOINTMENT
1	Mr. Anil Chandanmal Singhvi	00239589	May 25, 2021
2	Dr. Jaimini Bhagwati	07274047	May 25, 2021
3	Ms. Anita Belani	01532511	November 09, 2021
4	Mr. Ajay Sondhi	01657614	November 08, 2019
5	Mr. Mahendra Narandas Shah	00124629	August 24, 2022

Ensuring the eligibility of / for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

### For Bhandari & Associates

#### Company Secretaries

Firm Registration No: P1981MH043700

#### Manisha Maheshwari

Partner  
ACS No.: 30224  
C P No. : 11031  
Mumbai | May 04, 2023  
ICSI UDIN: A030224E000253183



## SECRETARIAL COMPLIANCE REPORT

For the financial year ended March 31, 2023

In terms of the Provisions of the SEBI Circular No. CIR/CFD/CHD1/27/2019 dated February 08, 2019 and Regulation 24A of SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015

To,  
**The Board of Directors**  
**IDFC Limited**

We, Bhandari & Associates, Company Secretaries have examined:

- a) all the documents and records made available to us and explanation provided by **IDFC Limited** ("the Listed Entity"),
- b) the filings/ submissions made by the Listed Entity to the stock exchanges,
- c) website of the Listed Entity,
- d) any other document/ filing, as may be relevant, which has been relied upon to make this certification, for the year ended **March 31, 2023** ("review period") in respect of compliance with the provisions of:
  - a) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and
  - b) the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI")

The specific Regulations, whose provisions and the circulars/guidelines issued thereunder, have been examined, include: -

- a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["Listing Regulations"];
- b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018#;
- c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- d) Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018#;
- e) Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
- f) Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021#;
- g) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- h) Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; and
- i) Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021#;

and circulars/ guidelines issued thereunder including the provisions of SEBI Circular CIR/CFD/CMD1/114/2019 dated October 18, 2019, in terms of Para 6(A) and 6(B) of the said circular.

*# The Regulations or Guidelines, as the case may be were not applicable to the listed entity for the review period.*

Based on the above examination, we hereby report that, during the review period:

- (a) The Listed Entity has complied with the provisions of the above regulations and circulars/ guidelines issued thereunder, except in respect of matters specified below:-

## SECRETARIAL COMPLIANCE REPORT (contd.)

For the financial year ended March 31, 2023

SR. NO.	COMPLIANCE REQUIREMENT (REGULATIONS/ CIRCULARS / GUIDELINES INCLUDING SPECIFIC CLAUSE)	REGULATION/ CIRCULAR NO.	DEVIATIONS	ACTION TAKEN BY	TYPE OF ACTION	DETAILS OF VIOLATION	FINE AMOUNT	OBSERVATIONS/ REMARKS OF THE PRACTICING COMPANY SECRETARY	MANAGEMENT RESPONSE	REMARKS
1.	The board of directors of the top 1000 listed entities shall comprise of not less than six directors.	Regulation 17(1)(c) of Listing Regulations.	The Listed entity did not have requisite number of directors on its Board during the period from August 16, 2022 to August 23, 2022 and October 01, 2022 to March 31, 2023.	None	None	The composition of board of directors was not as per Regulation 17(1)(c) of Listing Regulations.	None	None	Due to completion of tenure of Mr. Sunil Kakar, the number of Directors on the Board of the Company reduced from 6 to 5. The focus of the Board and entire management team (KMPs) is to unlock value for the Company's shareholders. The company is in transition mode and the merger process with IDFC FIRST Bank will be initiated and completed within next 6-9 months. Given the practical situation that the Company is only NBFC-I and does not have any business, we are facing difficulty in appointing new director. In this regard, we have submitted our representation to BSE and NSE vide our letter dated February 13, 2023, February 27, 2023 and February 28, 2023 and email dated April 06, 2023 seeking waiver from the requirement of having 6 directors.	None
2.	The Risk Management Committee of the listed entity shall have minimum three members.	Regulation 21(2) of Listing Regulations.	The Risk Management Committee did not have requisite number of members during the period from August 16, 2022 to August 23, 2022	None	None	The composition of Risk Management Committee was not as per Regulation 21(2) of Listing Regulations.	None	None	The term of Ms. Ritu Anand ended on August 15, 2022. Subsequently, Ms. Ritu Anand ceased to be member of Risk Committee, resulting reduction in requisite number of members during the period from August 16, 2022 to August 23, 2022.	None
3.	The meetings of the Risk Management Committee of the listed entity shall be conducted in such a manner that on a continuous basis not more than one hundred and eighty days shall elapse between any two consecutive meetings.	Regulation 21(3C) of Listing Regulations.	The gap between two Risk Management Committee meetings held on May 6, 2022 and November 11, 2022 exceeded one hundred and eighty days.	None	None	The gap between two Risk Management Committee meetings was not as per Regulation 21 of Listing Regulations	None	None	The Board at its meeting held on August 24, 2022, reconstituted committee by inducting Ms. Anita Belani in place of Ms. Ritu Anand.	None
									Since IDFC is NBFC-I with minimal operation, there were no discussion pertaining to Risk. Therefore, Risk Committee meeting held on November 11, 2022.	None

## SECRETARIAL COMPLIANCE REPORT (contd.)

For the financial year ended March 31, 2023

b) The listed entity has taken the following actions to comply with the observations made in previous reports:

SR. NO.	COMPLIANCE REQUIREMENT (REGULATIONS/ CIRCULARS / GUIDELINES INCLUDING SPECIFIC CLAUSE)	REGULATION/ CIRCULAR NO.	DEVIATIONS	ACTION TAKEN BY	TYPE OF ACTION	DETAILS OF VIOLATION	FINE AMOUNT	OBSERVATIONS/ REMARKS OF THE PRACTISING COMPANY SECRETARY	MANAGEMENT RESPONSE	REMARKS
1.	The board of directors of the top 1000 listed entities shall comprise of not less than six directors.	Regulation 17(1)(c) of Listing Regulations.	The listed entity did not have requisite number of directors on its Board during the period from March 26, 2021 to May 24, 2021 and September 23, 2021 to November 08, 2021.	None	None	The composition of board of directors was not as per Regulation 17(1)(c) of Listing Regulations.	None	None	The Board of Directors at its meeting held on 25 <sup>th</sup> May 2021 had appointed Dr. Jaimini Bhagwati (DIN:- 07274047) and Mr. Anil Singhvi (DIN:-00239589) as Additional Directors in the category of Independent Directors, subject to receipt of other regulatory approvals. Hence, the Company had complied with the requirements of Regulation 17(1)(c) of SEBI LODR Regulations, 2015 and the composition of the Board was in compliance as on March 31, 2022.	None

## SECRETARIAL COMPLIANCE REPORT (contd.)

For the financial year ended March 31, 2023

c) Additional Information:

SR. NO.	PARTICULARS	COMPLIANCE STATUS (YES/NO/NA)	OBSERVATIONS/REMARKS BY PCS
1.	<u>Secretarial Standard</u> The compliances of the listed entity are in accordance with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India, as notified by the Central Government under section 118(10) of the Companies Act, 2013 and mandatorily applicable.	Yes	-
2.	<u>Adoption and timely updation of the Policies:</u> <ul style="list-style-type: none"> <li>All applicable policies under SEBI Regulations are adopted with the approval of board of directors of the listed entities</li> <li>All the policies are in conformity with SEBI Regulations and has been reviewed &amp; timely updated as per the regulations / circulars / guidelines issued by SEBI</li> </ul>	Yes	-
3.	<u>Maintenance and disclosures on Website:</u> <ul style="list-style-type: none"> <li>The Listed entity is maintaining a functional website</li> <li>Timely dissemination of the documents / information under a separate section on the website</li> <li>Web-links provided in annual corporate governance reports under Regulation 27(2) are accurate and specific which redirects to the relevant document(s)/ section of the website</li> </ul>	Yes	-
4.	<u>Disqualification of Director:</u> None of the Director of the Company are disqualified under Section 164 of Companies Act, 2013	Yes	-
5.	<u>To examine details related to Subsidiaries of listed entities:</u> (a) Identification of material subsidiary companies (b) Requirements with respect to disclosure of material as well as other subsidiaries.	Yes	-
6.	<u>Preservation of Documents:</u> The listed entity is preserving and maintaining records as prescribed under SEBI Regulations and disposal of records as per Policy of Preservation of Documents and Archival policy prescribed under Listing Regulations.	Yes	-
7.	<u>Performance Evaluation:</u> The listed entity has conducted performance evaluation of the Board, Independent Directors and the Committees at the start of every financial year/during the financial year as prescribed in Listing Regulations.	Yes	-
8.	<u>Related Party Transactions:</u> (a) The listed entity has obtained prior approval of Audit Committee for all Related party transactions; (b) The listed entity has provided detailed reasons along with confirmation whether the transactions were subsequently approved/ratified/rejected by the Audit Committee, in case no prior approval has been obtained.	Yes	-
9.	<u>Disclosure of events or information:</u> The listed entity has provided all the required disclosure(s) under Regulation 30 alongwith Schedule III of Listing Regulations within the time limits prescribed thereunder.	Yes	-
10.	<u>Prohibition of Insider Trading:</u> The listed entity is in compliance with Regulation 3(5) & 3(6) SEBI (Prohibition of Insider Trading) Regulations, 2015	Yes	Listed entity has implemented system based Structured Digital Database software w.e.f March 09, 2023.
11.	<u>Actions taken by SEBI or Stock Exchange(s), if any:</u> No Actions taken against the listed entity/ its promoters/ directors / subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under SEBI Regulations and circulars/ guidelines issued thereunder	Yes	-
12.	<u>Additional Non-compliances, if any:</u> No any additional non-compliance observed for all SEBI regulation/circular/ guidance note etc.	Yes	-

## **SECRETARIAL COMPLIANCE REPORT (contd.)**

For the financial year ended March 31, 2023

### **Assumption and Limitation of Scope and Review:**

1. Compliance of the applicable laws and ensuring the authenticity of documents and information furnished, are the responsibilities of the management of the listed entity.
2. Our responsibility is to certify based upon our examination of relevant documents and information. This is neither an audit nor an expression of opinion.
3. We have not verified the correctness and appropriateness of Financial Records and Books of Accounts of the listed entity.
4. This Report is solely for the intended purpose of compliance in terms of Regulation 24A (2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and is neither an assurance as to the future viability of the listed entity nor of the efficacy or effectiveness with which the management has conducted the affairs of the listed entity.

### **For Bhandari & Associates**

Company Secretaries

Firm Registration No: P1981MH043700

### **Manisha Maheshwari**

Partner

ACS No.: 30224; CP No.: 11031

Mumbai | May 04, 2023

UDIN: A030224E000253194

### 1. Brief outline on CSR Policy of the Company.

The CSR policy is to ensure that CSR activities are not performed in silos and that it be skillfully and inextricably woven into the fabric of the Company's business strategy for overall value creation for all stakeholders. IDFC Limited ("IDFC") believes that profitability must be complemented by a sense of responsibility towards all stakeholders with a view to make a material, visible and lasting difference to the lives of disadvantaged sections of the people, preferably in the immediate vicinity in which the Company operates but at the same time ensure widespread spatial distribution of its CSR activities Pan-India befitting its status as a conscientious corporate citizen.

Section 135 of Companies Act, 2013 ("the Act") read with Companies (Corporate Social Responsibility Policy) Rules 2014 requires IDFC to mandatorily spend on CSR activities.

During the year, IDFC carried out CSR activities through 3 NGO's incorporated under the Section 8 of the Act, 2013 (erstwhile Section 25 of the Companies Act, 1956). Details of these NGO's are given below:

- i. Social Action for Manpower Creation (SAMPARC)
- ii. YosAid
- iii. Tezpur Mahila Samity

The object of the CSR activities would seek to -

- (a) serve the poor, Marginalized and underprivileged
- (b) be sustainable
- (c) meet needs of the larger community and society
- (d) promoting healthcare including preventive healthcare
- (e) promoting education
- (f) disaster relief

The above mentioned 3 NGOs represent public charitable organization registered with appropriate authorities, there is no economic interest flowing to any Board member / trustee and undertook the following CSR activities which fall within the ambit of the activities listed in Schedule VII of the Act.

### 2. Composition of CSR Committee:

SR. NO.	NAME OF DIRECTOR *	DESIGNATION / NATURE OF DIRECTORSHIP	NUMBER OF MEETINGS OF CSR COMMITTEE HELD DURING THE YEAR	NUMBER OF MEETINGS OF CSR COMMITTEE ATTENDED DURING THE YEAR
1.	Dr. Jaimini Bhagwati	Chairman	1	1
2.	Mr. Ajay Sondhi	Member	1	1
3.	Mr. Anil Singhvi	Member	1	1

\*The Corporate Social Responsibility (CSR) Committee was re-constituted on October 17, 2022. As on date, the CSR Committee consists of three Directors namely, Dr. Jaimini Bhagwati as the Chairman, Mr. Ajay Sondhi and Mr. Anil Singhvi as its Members.

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company. [www.idfclimited.com](http://www.idfclimited.com)
4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report).  
Not applicable as the Company's average CSR obligation has not more than Rs. 10 crore in the three immediately preceding financial year as per Section 135 (5) of the Act.
5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

SR. NO.	FINANCIAL YEAR	AMOUNT AVAILABLE FOR SET-OFF FROM PRECEDING FINANCIAL YEARS (IN RS. CR.)	AMOUNT REQUIRED TO BE SETOFF FOR THE FINANCIAL YEAR, IF ANY (IN RS. CR.)
1	NA	NA	NA
<b>TOTAL</b>			

6. Average net profit of the company as per section 135(5): - Rs. 9.01 Crore



## CORPORATE SOCIAL RESPONSIBILITY (CSR) (CONTD.)

7. (a) Two percent of average net profit of the company as per section 135(5): - Rs. 0.18 Crore  
 (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: - Nil  
 (c) Amount required to be set off for the financial year, if any: Nil  
 (d) Total CSR obligation for the financial year (7a+7b-7c) - Rs. 0.18 Crore
8. (a) CSR amount spent or unspent for the financial year:

TOTAL AMOUNT SPENT FOR THE FINANCIAL YEAR. (IN ₹ CR.)	AMOUNT UNSPENT (IN ₹ CR.)				
	TOTAL AMOUNT TRANSFERRED TO UNSPENT CSR ACCOUNT AS PER SECTION 135(6).		AMOUNT TRANSFERRED TO ANY FUND SPECIFIED UNDER SCHEDULE VII AS PER SECOND PROVISIO TO SECTION 135(5).		
	AMOUNT	DATE OF TRANSFER	NAME OF THE FUND	AMOUNT	DATE OF TRANSFER
0.18	Nil	Nil	Nil	Nil	Nil

- (b) Details of CSR amount spent against **ongoing projects** for the financial year:

(1) SR. NO.	(2) NAME OF THE PROJECT	(3) ITEM FROM THE LIST OF ACTIVITIES IN SCHEDULE VII TO THE ACT.	(4) LOCAL AREA (YES/ NO).	(5) LOCATION OF THE PROJECT		(6) PROJECT DURATION	(7) AMOUNT ALLOCATED FOR THE PROJECT (IN ₹ CR.)	(8) AMOUNT SPENT IN THE CURRENT FINANCIAL YEAR (IN ₹ CR)	(9) AMOUNT TRANSFERRED TO UNSPENT CSR ACCOUNT FOR THE PROJECT AS PER SECTION 135(6) (IN ₹ CR).	(10) MODE OF IMPLEMENTATION - DIRECT (YES/NO).	(11) MODE OF IMPLEMENTATION - THROUGH IMPLEMENTING AGENCY	
				STATE	DISTRICT						NAME	CSR REGISTRATION NUMBER
1.	Overall Care, education, Maintenance of orphan children at SAMPARC Bal Asha Ghar Center	Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.	Yes	Maha-rashtra	Pune	1 Year	0.10	0.10	Nil	Yes	SAMPARC	CSR00003752

2.	Health Care Initiatives	Promoting health care including preventive health	Yes	Karnataka	Bangalore	1 Year	0.01	0.01	Nil	Yes	YosAid	CSR00000713
	Health Care Initiatives	Whats app & IVRS	No	Andhra Pradesh & Telangana	Vishakhapatnam, Vizianagaram, Kadapa, Hyderabad, Kurnool	3 Months	0.04	0.04	Nil	Yes	YosAid	CSR00000713
3.	Financial Support for the Activities of Tezpur Mahila Samity	Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.	Yes	Assam	Sonitpur	1 Year	0.03	0.03	Nil	Yes	Tezpur Mahila Samity	CSR00052957
<b>TOTAL</b>							<b>0.18</b>	<b>0.18</b>				

(c) Details of CSR amount spent against **other than ongoing projects** for the financial year:

(1) SR. NO.	(2) NAME OF THE PROJECT	(3) ITEM FROM THE LIST OF ACTIVITIES IN SCHEDULE VII TO THE ACT.	(4) LOCAL AREA (YES/ NO).	(5) LOCATION OF THE PROJECT.		(6) AMOUNT SPENT FOR THE PROJECT (IN ₹ CR.)	(7) MODE OF IMPLEMENTATION - DIRECT (YES/NO).	(8) MODE OF IMPLEMENTATION - THROUGH IMPLEMENTING AGENCY	
				STATE.	DISTRICT.			NAME	CSR REGISTRATION NUMBER
1.	NA	NA	NA	NA	NA	NA	NA	NA	NA
<b>TOTAL</b>									

(d) Amount spent in Administrative Overheads: - Nil

(e) Amount spent on Impact Assessment, if applicable: Nil

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): Rs. 0.18 Crore

(g) Excess amount for set off, if any: Nil

SR. NO.	PARTICULAR	AMOUNT (IN RS. CR)
(i)	Two percent of average net profit of the company as per section 135(5)	0.18
(ii)	Total amount spent for the Financial Year	0.18
(iii)	Excess amount spent for the financial year [(ii)-(i)]	Nil
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	Nil

9. (a) Details of Unspent CSR amount for the preceding the financial years:

SR. NO.	PRECEDING FINANCIAL YEAR	AMOUNT TRANSFERRED TO UNSPENT CSR ACCOUNT UNDER SECTION 135 (6) (IN RS. CR.)	AMOUNT SPENT IN THE REPORTING FINANCIAL YEAR (IN RS. CR.)	AMOUNT TRANSFERRED TO ANY FUND SPECIFIED UNDER SCHEDULE VII AS PER SECTION 135(6), IF ANY.			AMOUNT REMAINING TO BE SPENT IN SUCCEEDING FINANCIAL YEARS. (IN RS. CR.)
				NAME OF THE FUND	AMOUNT (IN RS. CR.)	DATE OF TRANSFER	
1.	NA	NA	NA	NA	NA	NA	NA
<b>TOTAL</b>							

(b) Details of CSR amount spent in the financial year for **ongoing projects** of the preceding financial year(s):

(1) SR. NO.	(2) PROJECT ID.	(3) NAME OF THE PROJECT	(4) FINANCIAL YEAR IN WHICH THE PROJECT WAS COMMENCED	(5) PROJECT DURATION	(6) TOTAL AMOUNT ALLOCATED FOR THE PROJECT (IN ₹ CR.).	(7) AMOUNT SPENT ON THE PROJECT IN THE REPORTING FINANCIAL YEAR (IN ₹ CR.)	(8) CUMULATIVE AMOUNT SPENT AT THE END OF REPORTING FINANCIAL YEAR. (IN ₹ CR.)	(9) STATUS OF THE PROJECT - COMPLETED / ONGOING
1.	NA	NA	NA	NA	NA	NA	NA	Ongoing
<b>TOTAL</b>								

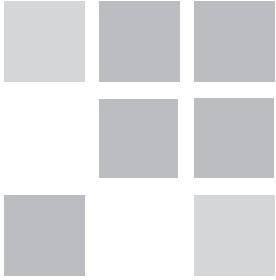
10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (**asset-wise details**).

- (a) Date of creation or acquisition of the capital asset(s): NA
- (b) Amount of CSR spent for creation or acquisition of capital asset.: NA
- (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.: NA
- (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset): NA

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5).

**Mr. Anil Singhvi**  
Director  
Mumbai: May 04, 2023

**Dr. Jaimini Bhagwati**  
Chairman of CSR Committee  
New Delhi: May 04, 2023



# MANAGEMENT DISCUSSION & ANALYSIS

Business environment during the fiscal continued to remain challenging with inflationary headwinds forcing regulators across the world to raise interest rates and tighten liquidity and geopolitical tensions further exacerbating challenges by disrupting supply chains and constraining availability of resources globally. During the fiscal India navigated these challenges well and in the coming years, with abatement of these macro headwinds hopefully, the India growth story should gain further momentum and be back on track.

## IDFC LIMITED

### Current Status

Post demerger of Financing Undertaking into IDFC FIRST Bank Limited ("IDFC FIRST Bank" or "the Bank"), IDFC Limited ("IDFC") is registered with the Reserve Bank of India as an NBFC - I. It has minimal business operations and it holds investments in IDFC FIRST Bank through its wholly owned subsidiary IDFC Financial Holding Company Limited ("IDFC FHCL" or "IDFC NOHFC"). IDFC FHCL owns 39.99% in IDFC FIRST Bank. IDFC and IDFC FIRST Bank are two listed entities of IDFC Group. IDFC does not have any business operations.

During the year, Balance Sheet size increased from Rs. 9,416.45 crore as on March 31, 2022 to Rs. 9,570.54 crore as on

March 31, 2023. Profit after tax and other comprehensive income was higher at Rs. 2,029.29 crore for FY 2022-23 as compared to Rs. 53.88 crore in FY 2021-22. Net worth of the Company increased from Rs. 9,391.06 crore as on March 31, 2022 to Rs. 9,518.93 crore as on March 31, 2023.

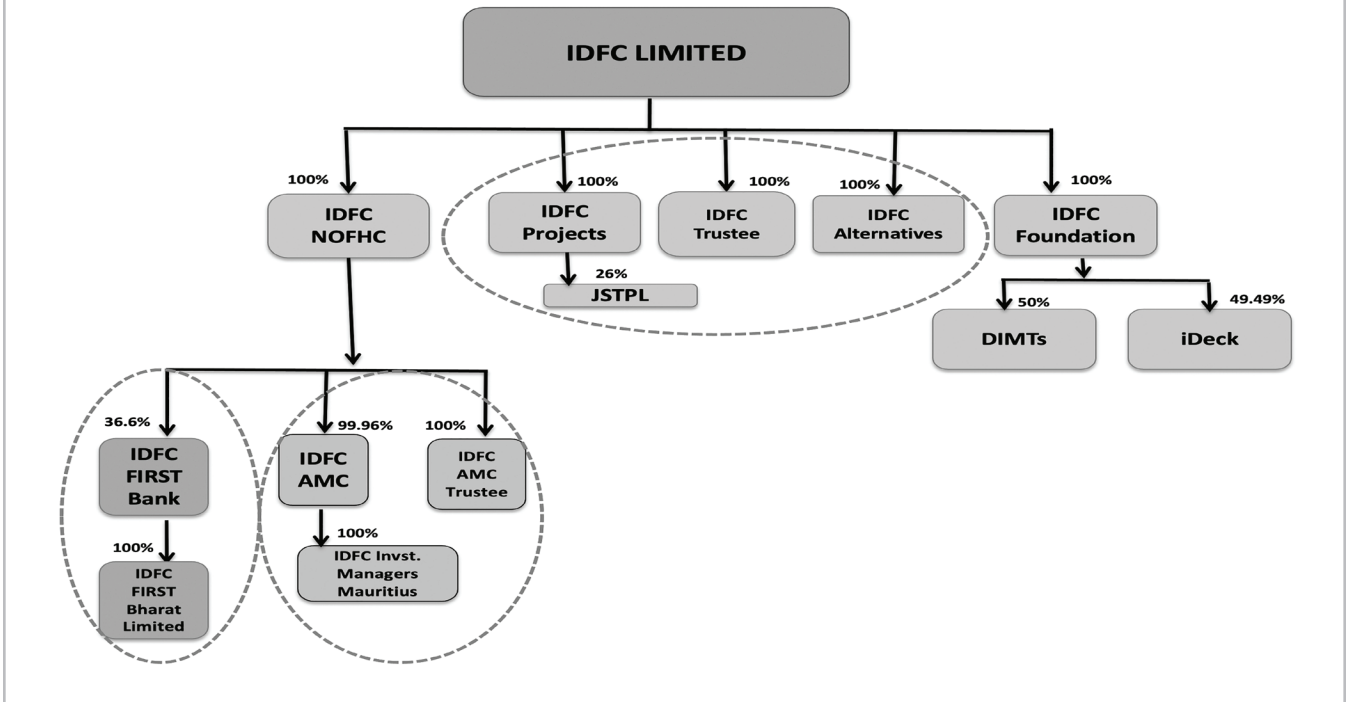
## CORPORATE SIMPLIFICATION AND CREATING VALUE FOR SHAREHOLDERS

Our corporate structure in the beginning of the fiscal was as given on the next page:

In continuation of our journey of simplifying corporate structure, following steps were taken during the year:

- ✓ Divestment of IDFC Foundation along with i.e. Delhi Integrated Multi-Modal Transit System Limited ("DIMTS") & Infrastructure Development Corporation (Karnataka) Limited ("IDeCK").
- ✓ Merger of three wholly owned subsidiaries i.e. IDFC Alternatives Limited, IDFC Projects Limited and IDFC Trustee Company Limited with IDFC Limited completed during the year.
- ✓ Sale of IDFC Asset Management Company ("IDFC AMC") and IDFC AMC Trustee Company to Bandhan Consortium.

## IDFC Limited Corporate Structure in the beginning of Fiscal



- ✓ Subscribed to Preferential offer made by the Bank to increase IDFC holding in Bank to 39.99%.
- ✓ Special dividend to IDFC shareholders at Rs.11/- per share and same was paid in February 2023.
- ✓ Interim dividend to IDFC Shareholders at Re. 1/- per share and same was paid in May 2022.
- ✓ The simplified corporate structure is given in the last column on this page.

As the last step of the journey, the Board of Directors of IDFC, IDFC FHCL and IDFC FIRST Bank at their respective meetings held on July 03, 2023, have inter alia approved Composite Scheme of Amalgamation (“**the Scheme**”) which inter alia envisages the amalgamation of: (i) IDFC FHCL into and with IDFC; and (ii) IDFC into IDFC FIRST Bank, and their respective shareholders, under Sections 230 to 232 of the Act and other applicable laws including the rules and regulations (“**Proposed Transaction**”). subject to statutory and regulatory approvals.

## OVERVIEW OF GROUP COMPANY

### IDFC FIRST Bank

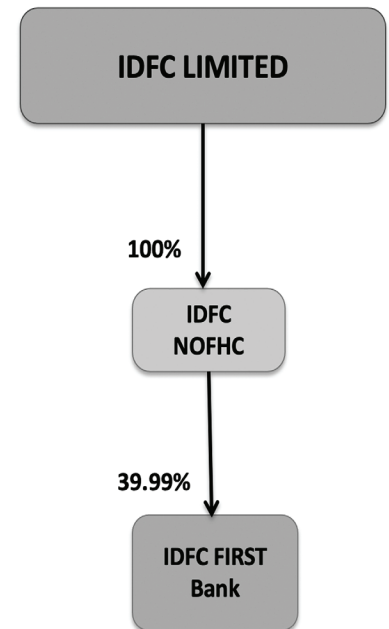
#### Key Highlights of FY 2022-23

Our bank was focused on creating a strong platform during the initial years by consolidating and strengthening the balance sheet through growing assets at a calibrated pace and hastening deposit growth. We moderated overall loan growth during initial years and grew deposits as a faster pace. This phase focused on consolidation is now complete. A strong foundation has been built to launch into a growth phase focused on profitability and asset quality from here on.

#### Financials

Our fee income is well diversified. We have launched and scaled up many fee-based products in the last 4 years. Many of these products are in the early stage of their lifecycle and have the potential to grow significantly going forward. 91% of the fee income & other income is from retail banking operations which is granular and sustainable.

## IDFC Limited Simplified Corporate Structure at the end of Fiscal



## IDFC FIRST Bank: Key highlights of FY23

Area	Key Parameters	FY22	FY23	Growth (%/bps)
Assets	Loans & Advances	Rs. 1,29,051 Cr	Rs. 1,60,599 Cr	24% ▲
Deposits	Customer Deposits	Rs. 93,214 Cr	Rs. 1,36,812 Cr	47% ▲
	CASA Ratio (%)	48.44%	49.77%	133 bps ▲
Asset Quality	GNPA (%) – Bank level	3.70%	2.51%	-119 bps ▼
	NNPA (%) – Bank level	1.53%	0.86%	-67 bps ▼
	Provision Coverage Ratio - Bank	70.29%	80.29%	1000 bps ▲
	GNPA (%) – Retail & Commercial	2.63%	1.65%	-98 bps ▼
	NNPA (%) – Retail & Commercial	1.15%	0.55%	-60 bps ▼
Profitability	Profit/(Loss) After Tax	Rs. 145 Cr	Rs. 2,437 Cr	1575% ▲
	RoA%	0.08%	1.13%	105 bps ▲
	RoE%	0.75%	10.95%	968 bps ▲
Capital	Capital Adequacy Ratio (%)	16.74%	16.82%	8 bps ▲

1. Total Loans & Advances (incl credit substitutes are Net of IBPC; 2. Commercial Finance consists of business installment loans, micro business loans, small business working capital, commercial vehicle, trade advances etc. with most loans < Rs. 5 crore; 3. Provision Coverage ratio includes technical write-offs

## IDFC FIRST Bank: Balance Sheet

In Rs. Crore	Mar-22	Dec-22	Mar-23	Growth (%) (YoY)
Shareholders' Funds	21,003	22,698	25,721	22%
Deposits	1,05,634	1,33,038	1,44,637	37%
- CASA Deposits	51,170	66,498	71,983	41%
- Term Deposits	54,464	66,540	72,655	33%
Borrowings	52,963	54,406	57,212	8%
Other liabilities and provisions	10,581	11,232	12,371	17%
<b>Total Liabilities</b>	<b>1,90,182</b>	<b>2,21,374</b>	<b>2,39,942</b>	<b>26%</b>
Cash and Balances with Banks and RBI	15,758	12,319	13,898	-12%
Net Retail and Wholesale Loans & Advances*	1,24,075	1,47,109	1,56,371	26%
Investments	41,544	51,016	57,809	39%
Fixed Assets	1,361	1,902	2,090	54%
Other Assets	7,443	9,028	9,773	31%
<b>Total Assets</b>	<b>1,90,182</b>	<b>2,21,374</b>	<b>2,39,942</b>	<b>26%</b>

\*includes credit investments (Non-Convertible Debentures, RIDF, PTC, SRs and Loan Converted into Equity)

## IDFC FIRST Bank: Profit & Loss Account

In Rs. Crore	FY22	FY23	Growth (%) YoY
Interest Income	17,173	22,728	32%
Interest Expense	7,467	10,092	35%
<b>Net Interest Income</b>	<b>9,706</b>	<b>12,635</b>	<b>30%</b>
Fee & Other Income	2,691	4,142	54%
Trading Gain	531	325	-39%
<b>Operating Income</b>	<b>12,928</b>	<b>17,102</b>	<b>32%</b>
<b>Operating Income (Excl Trading Gain)</b>	<b>12,397</b>	<b>16,777</b>	<b>35%</b>
Operating Expense	9,644	12,170	26%
<b>Operating Profit (PPOP)</b>	<b>3,284</b>	<b>4,932</b>	<b>50%</b>
<b>Operating Profit (Ex. Trading gain)</b>	<b>2,753</b>	<b>4,607</b>	<b>67%</b>
Provisions	3,109	1,665	-46%
<b>Profit Before Tax</b>	<b>175</b>	<b>3,267</b>	<b>1765%</b>
Tax	30	830	2697%
<b>Profit After Tax</b>	<b>145</b>	<b>2,437</b>	<b>1575%</b>

During the last three years we had to make significant investments in building liabilities and credit card franchise. Despite this, the cost income issue has come down from 95% to 72% because of the strong incremental unit economics at the bank which is allowing the bank to make the investments as mentioned above. If the high cost legacy borrowings are replaced with current cost of funds, the cost to income for FY23 would be 69.68%. Cost to income will further come down with scale.

Our core pre-provisioning operating profit has improved despite investment in growing the bank. As the retail lending business is profitable with more than 20% incremental ROE, we're able to absorb the expenses needed to invest for building the bank. In Q4-FY23, the Core PPOP was at 2.36% (annualized) as a % of average assets, as compared to 1.86% in Q4-FY22.

Our core PPOP (NII + Fees excluding Trading Gains - Opex) grew by 67% as compared to balance sheet growth of 26% in FY23. This demonstrates the power of incremental profitability in all our businesses.

This phenomenon has played out to bring in growth in core PPOP every quarter and we expect it to continue over the next few years till we reach sustainable ROA / ROE

levels as comparable to the industry. Adjusting for the one-time items in Q4-FY23, the annualized ROA would have been 1.23% and the annualized ROE would have been 12.30% in Q4-FY23, which has improved from 6.67% in Q4-FY22.

In the last 5 years, the Infrastructure financing book as % of overall Loans & Advances has come down from 36.7% to 2.9% as of March 31, 2023.

The significant and growing part of the book, i.e. the Retail and commercial business financing business has low NPA levels because of high-quality underwriting, credit bureaus, technology, cash-flow based lending capabilities. Asset Quality in the Corporate Book too is strong with adequate PCR of 99.84%.

We expect infrastructure book to wind down in due course, hence the Bank level NPA excluding Infrastructure at 1.84% and 0.46% is relevant point to note. Further, the retail and commercial book is well diversified.

Commercial Finance consists of Loans to small business owners and entrepreneurs through products like business installment loans, micro business loans, small business working capital, commercial vehicle, trade advances etc. with most loans < Rs. 5 crore.

Loans & Advances are net of IBPC, Consumer Loans include personal loans, education loan, consumer durable loan and cross sell.

### Liabilities

The Bank provides high levels of customer service and becoming a brand with a reputation as a clean and ethical institution, which has helped us grow our deposit base.

The deposits of 31st March 2023 includes Rs. 2,131 crore of Current Account Deposits received for short term during the closing days of FY23 from large Government Banking client. Without the same, the CASA balance would be Rs. 69,852 crore as of 31-Mar-23, 37% YoY growth.

We reduced deposit rates in 2021 from 7% earlier to 4% up to Rs. 10,00,000. Yet, our deposit growth continues to be strong based on strong service levels and image as a clean ethical institution. Without the Rs. 2,131 crore current account mobilized in March 2023 from Government Banking client as mentioned earlier, the CASA Ratio would be 49.0% as of 31-Mar-23.

Total Customer Deposits (Retail Deposits + Wholesale Deposits) has grown strongly by 4 Year CAGR (Mar-19 to Mar-23) of 36%. Without the Rs. 2,131 crore current account

## Capital Adequacy

In Rs. Crore	Mar-22	Dec-22	Mar-23
Common Equity	20,199	22,140	24,816
Tier 2 Capital Funds	2,525	4,218	4,585
<b>Total Capital Funds</b>	<b>22,724</b>	<b>26,358</b>	<b>29,401</b>
<b>Total Risk Weighted Assets</b>	<b>1,35,728</b>	<b>1,64,094</b>	<b>1,74,762</b>
CET 1 Ratio (%)	<b>14.88%</b>	<b>13.49%</b>	<b>14.20%</b>
<b>Total CRAR (%)</b>	<b>16.74%</b>	<b>16.06%</b>	<b>16.82%</b>

The Bank is well capitalized for growth in future.

mobilized in March 2023 from Government Banking client as mentioned earlier, the total customer deposits would be Rs. 134,681 crore, growth of 44% on YoY basis.

We have transformed the liability profile in 4 years from wholesale to retail. The Retail wholesale Deposits mix has changed from 27 : 73 in Dec-18 to 76 : 24 in Mar-23. Strong growth in retail deposits has significantly reduced dependency of the Bank on the wholesale deposits. Certificate of Deposits (short term money) has come down from Rs. 28,754 crores as of March 31, 2019 to Rs. 7,826 crores as of March 31, 2023, while the total customer deposit base grew from Rs. 40,504 crore to Rs. 1,36,812 crore in this period.

Our strong growth in retail deposits has reduced our dependence on wholesale deposits and has provided greater stability to our liabilities.

SMA 1 is the overdue portfolio in Bucket 31-60 days, and SMA 2 is the overdue portfolio in 61-90 days. SMA 1 (31-60 days overdue) and SMA 2 (61-90 days overdue), put together are around 1.1% of the Book in retail & commercial segment. Based on this, we expect a lower level of NPA formation in future.

Here we share the Gross and Net NPA of individual products in Retail & Commercial Finance. Most of the products have GNPA ratio at less than 2% and NNPA ratio at less than 1% as a result of stringent

underwriting and risk management described earlier. NPA of Loan Against Property is higher because it includes impact of restructuring due to COVID. NPA in this portfolio is expected to come down over time as the COVID affected portfolio runs off.

The Bank has reduced the net stressed assets, both in absolute value and as % of the total assets. This indicates lower NPA levels going forward. The restructured pool of the Bank has reduced by 60% in FY23. It forms 0.59% of the overall Loans & Advances as of March 31, 2023 as compared to 1.84% as of March 31, 2022.

The consistent QoQ growth of the core operating profit showcases the strength of the core operating model, despite the investments in building capabilities including new products, network, people, digital innovations etc. during this phase which has made the organization ready for the next wave of growth.

In Q4-FY23, the Bank had trading gains of Rs. 216 crore and the Bank utilized Rs. 79 crore of the same to increase the PCR. Adjusting for these one-time items, the net profit of the Bank would have been Rs. 701 crore for Q4-FY23. We expect profitability to further improve going forward with scale.

### Capital Adequacy

Our bank is strongly capitalized at 16.82% total Capital to Risk (weighted) Assets Ratio (CRAR).



**Corporate Governance**

Eminent, qualified and experienced Board of Directors. All committees are headed by Independent Directors.

**RISK MANAGEMENT**

IDFC Limited is a holding company for its various businesses. Wherever applicable, concerned businesses have a robust risk management practice in place to proactively identify and manage various types of risks, namely, credit, market and operational risks. IDFC Limited has necessary risk policy for its investments in Bank & other entities.

**INTERNAL CONTROLS AND THEIR ADEQUACY**

The company has a proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorised use or disposition and that the transactions are authorised, recorded and reported correctly. Such internal controls are supplemented by a programme of internal audits, review by management and documented policies, guidelines and procedures. These are designed to ensure that financial and other records are reliable for preparing financial information and other reports and for maintaining regular accountability of the company's assets. The internal auditors present their report on a quarterly basis in operating companies and half yearly basis in holding companies to the audit committee of the respective boards.

**HUMAN RESOURCES**

IDFC had 7 employees as on March 31, 2023.



# CORPORATE GOVERNANCE REPORT

## PHILOSOPHY ON CORPORATE GOVERNANCE

Being a professionally run enterprise with no single promoter or promoter group, effective board oversight and sound Corporate Governance practices are fundamental to the quest of IDFC Limited (“IDFC” or “the Company”) in delivering long-term value to all its stakeholders. Good Corporate Governance is intrinsic to the management of IDFC.

The Company believes that sound Corporate Governance is critical for enhancing and retaining investor trust. Therefore, it always seeks to ensure that its performance goals are met with integrity. By adopting such a framework as it does, IDFC is renowned for exemplary governance standards since inception and continues to lay a strong emphasis on appropriate and timely disclosures and transparency in its business dealings.

Corporate Governance is a continuous process at IDFC. Systems, policies and frameworks are regularly upgraded to meet the challenges of a dynamic external business environment.

## BOARD OF DIRECTORS

The Board of Directors oversee the management functions to ensure that they are effective and enhance value for all the stakeholders. The Board’s mandate inter alia is to have an oversight of the Company’s strategic direction, to review corporate performance, assess the adequacy of risk management and mitigation measures, to authorize and monitor strategic investments/ divestments, to ensure regulatory compliance as well as high standards of governance and safeguard interests of all stakeholders.

## COMPOSITION OF THE BOARD

The Board has an appropriate combination of Executive and Non-Executive Directors (“NEDs”), including Independent Directors (“IDs”). As on March 31, 2023, IDFC’s Board consisted of 5 Directors, comprising of (i) Four IDs, including an Independent Non-Executive Chairman; (ii) A Managing Director (“MD”). The composition of the Board represents an optimal mix of professionalism, knowledge and experience across various fields viz. banking, global finance, accounting and economics which enable the Board to discharge its responsibilities and provide effective leadership to the business.

None of the Directors of your Company are inter-se related to each other. The composition of the Board is in conformity with Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 (“SEBI LODR Regulations”), read with Section 149(4) of the Companies Act, 2013 (“Act”) with the Company having Independent Non-Executive Chairman and more than one third of the Board comprising of IDs till September 30, 2022. The term of Mr. Sunil Kakar (DIN: 03055561) as the Managing Director & CEO of the Company ended at the close of business hours on September 30, 2022. Pursuant to Regulation 17(1)(c) of SEBI LODR Regulations 2015, the Board of Directors of IDFC shall comprise of not less than six Directors. Due to completion of the term of Mr. Sunil Kakar, the number of Directors on the Board of the Company reduced from 6 to 5. The Company is in transition mode and the merger process with IDFC FIRST Bank is already initiated and completed within next 9-12 months. The Company has minimal business operations and will cease to

exist post merger with IDFC FIRST Bank. In this regard, we have submitted our representation to BSE and NSE vide our letter dated February 13, 2023, February 27, 2023 and February 28, 2023 and email dated April 06, 2023 seeking waiver from the requirement of having 6 directors.

To comply with the requirement of Regulation 17, of SEBI LODR, the Board of Directors at its meeting held on July 17, 2023, approved an appointment of Mr. Bipin Gemani (DIN: 07816126) as the Whole Time Director and Chief Financial Officer w.e.f. July 17, 2023 till September 30, 2024 subject to the approval of Shareholders of the Company. As on date, IDFC’s Board consisted of 6 Directors and is in conformity with Regulations 17 of SEBI LODR.

**Table 1** gives details of the composition of the Board of Directors for FY23 including their Directorships and Memberships/ Chairpersonships of committees in other companies, along with details of the attendance at Board meetings and the Annual General Meeting (“AGM”), respectively.

The number of Directorships, Committee Memberships / Chairpersonships of all Directors is within respective limits prescribed under the Act and SEBI LODR Regulations. The details of the skills / experience / expertise of the Directors are being given at the end of this report.

## BOARD MEETINGS

The Board meets at least once a quarter to review the quarterly results and other items on the agenda and also on the occasion of the AGM. Additional meetings are held whenever necessary. The agenda and the

NAME & CATEGORY OF THE DIRECTOR	NO OF BOARD MEETINGS HELD DURING TENURE AND ATTENDED IN FY23	WHETHER ATTENDED LAST AGM ON SEPT. 27, 2022	DIRECTORSHIP OF PUBLIC COMPANIES (INCLUDING IDFC) <sup>1</sup>	MEMBERSHIP, INCLUDING CHAIRMANSHIP OF COMMITTEES (INCLUDING IDFC) <sup>2</sup>	DIRECTORSHIP IN THE LISTED COMPANY
<b>Independent Directors</b>					
Mr. Anil Singhvi	12/12	YES	6	7	1. IDFC Limited 2. Shree Digvijay Cement Company Limited 3. Subex Limited
Dr. Jaimini Bhagwati	12/12	YES	3	1	1. IDFC Limited 2. IDFC FIRST Bank Limited 3. Apollo Tyres Ltd
Mr. Ajay Sondhi	12/12	YES	3	4	1. IDFC Limited 2. IDFC FIRST Bank Limited
Ms. Ritu Anand <sup>3</sup>	5/5	N.A.	N.A.	N.A.	N.A.
Ms. Anita Belani	12/12	YES	6	6	1. IDFC Limited 2. Foseco India Limited 3. Redington Limited [formerly Redington (India) Limited]
<b>Managing Director &amp; Chief Executive Officer</b>					
Mr. Sunil Kakar <sup>4</sup>	6/7	YES	N.A.	N.A.	N.A.
Mr. Mahendra N Shah <sup>5</sup>	7/7	YES	2	0	1. IDFC Limited

1. Excluding Private Limited Companies, Foreign Companies, Section 8 Companies and Alternate Directorships.

2. Includes only Audit Committee and Stakeholders' Relationship Committee.

3. Ceased to be Independent Director at the close of business hours on August 15, 2022.

4. Ceased to be the Managing Director & CEO at the close of business hours on September 30, 2022.

5. Appointed as additional Director in category of Managing Director - Designate w.e.f. August 24, 2022

explanatory notes are circulated in advance to the Directors. Members of the Board are also free to recommend inclusion of any matter in the agenda for discussion. Since the Board of IDFC includes Directors from various parts of the world, it may not be possible for each of them to be physically present at all the meetings. Hence, the Company makes use of video conferencing facility and other audio-visual means, whenever necessary, to enable larger participation of Directors in the meetings. Members of the Senior Management are invited to attend the Board Meetings to make presentations and provide additional inputs to the items under discussion. The Minutes of Board Meetings of subsidiary companies of IDFC are periodically tabled at the Company's Board Meetings. A statement of all significant transactions and arrangements entered into by the subsidiary companies is also placed before the Board. All the recommendations made by the Audit Committee during the year were accepted by the Board. During FY23, the Board met 12 (Twelve)

times and the intervening period between two Board Meetings was well within the limit prescribed. The requisite quorum was present during all the meetings of the Board of Directors. The Board Meetings were held on April 06, 2022; May 06, 2022; May 20, 2022; June 22, 2022; August 09, 2022; August 24, 2022; September 22, 2022; November 11, 2022; February 01, 2023; February 06, 2023; February 27, 2023 and March 18, 2023. Leave of absence was granted to the concerned Directors who had expressed their inability to attend the respective meetings.

### INFORMATION PROVIDED TO THE BOARD

The Board agenda is prepared by the Company Secretary of the Company in consultation with the Chairman and MD of the Company. Meetings are governed by a structured agenda. The Board agenda and notes thereof are backed by comprehensive background information to enable the Board to take informed decisions and are sent to the Directors well in advance

pursuant to the provisions of the Secretarial Standard - I and other applicable provisions of the Act and Rules made thereunder to enable them to peruse and comprehend the matters to be dealt with or seek further information / clarifications on the matter listed therein. The Board also passes resolutions by circulation on need basis, which are noted and confirmed in the subsequent Board Meeting. The Board is presented with the information on financial results of the Company and its subsidiaries, various important matters of corporate restructuring undertaken by the Board, operations and business, annual operating plans, budgets, presentations of the subsidiary companies, minutes of the Audit and other Committees of the Board, appointment / cessation and remuneration of Senior Management and Key Managerial Personnel ("KMP"), various policies adopted at IDFC and Group level, details of joint ventures or collaboration, if any, information on subsidiaries / associates, sale of investment and assets which are

NAME OF THE MEMBER	AUDIT COMMITTEE	NOMINATION & REMUNERATION COMMITTEE	RISK MANAGEMENT COMMITTEE	STAKEHOLDERS' RELATIONSHIP COMMITTEE	IT STRATEGY COMMITTEE <sup>5</sup>	CORPORATE SOCIAL RESPONSIBILITY COMMITTEE	ALLOTMENT AND SHARE TRANSFER COMMITTEE
Mr. Anil Singhvi	C 5/5	5/5	2/2	C 1/1	-	1/1	-
Dr. Jaimini Bhagwati	1/1 <sup>1</sup>	1/1 <sup>1</sup>	2/2	1/1	-	C 1/1	C 5/5
Mr. Sunil Kakar <sup>3</sup>	-	-	-	-	1/1	-	2/2
Mr. Ajay Sondhi	5/5	4/5	-	1/1	1/1	1/1	-
Ms. Ritu Anand <sup>2</sup>	2/2	1/1 <sup>1</sup>	1/1	1/1	C 1/1	-	-
Ms. Anita Belani	5/5	C 5/5 <sup>7</sup>	C 1/1 <sup>4</sup>	-	-	-	-
Mr. Mahendra N Shah <sup>6</sup>	-	-	-	-	-	-	5/5

1. Ceased to be Member w.e.f. June 22, 2022

2. Ceased to be Independent Director at the close of business hours on August 15, 2022

3. Ceased to be the Managing Director & CEO at the close of business hours on September 30, 2022

4. Appointed as a Chairperson w.e.f. August 24, 2022

5. Discontinued and merged with Risk Management Committee w.e.f. June 22, 2022

6. Appointed as additional Director in category of Managing Director - Designate w.e.f. August 24, 2022

7. Appointed as a Chairperson w.e.f. May 20, 2022

material in nature and not in ordinary course of business, foreign exposure, compliances of all the laws applicable to IDFC and non-compliance, if any and steps taken to rectify instances of non-compliances and other matters which are required to be placed before the Board.

With a view to leverage technology and reduce paper consumption, the Company has adopted electronic form for transmitting Board / Committee Agenda papers to Directors.

## COMMITTEES OF THE BOARD

The Board Committees play a crucial role in the governance structure of the Company and help in delegating particular matters that require greater and more focused attention. The Board Committees are set up as per the provisions of the Act and / or SEBI LODR Regulations or as per the requirement of the Company. However, every Committee is under the formal approval of the Board to carry out clearly defined roles which are considered to be performed by Members of the Board. The Board supervises the execution of its responsibilities by the Committees and is responsible for their action. The Chairperson of the respective Committee informs the Board about the summary of the discussions held in the Committee Meetings. The minutes of the meetings of these Committees are placed before the Board for its review.

The Committees ensure that any feedback or observations made by them during the course of meetings form part of the Action Taken Report for their review at the next meeting. All Committees comprises of requisite number of IDs as prescribed by the Act or SEBI LODR Regulation or any other regulatory authority. The Board Committees also request special invitees to join the meetings of the Committees, wherever appropriate. The Company Secretary officiates as the Secretary to all the Committee Meetings. The composition of various committees of the Board is in line with the applicable regulations and is hosted on the website of the Company: [www.idfclimited.com](http://www.idfclimited.com).

### The Board has established the following statutory and non-statutory Committees.

- A. Audit Committee
- B. Nomination & Remuneration Committee
- C. Risk Management and IT Strategy Committee
- D. Stakeholders' Relationship Committee
- E. Corporate Social Responsibility Committee
- F. Independent Directors Committee
- G. Allotment and Share Transfer Committee

Composition and Attendance of Directors at Committee Meeting(s) for FY23 are given in **Table 2**. Attendance is presented

as number of meeting(s) attended (including meetings attended through electronic mode) out of the number of meeting(s) held during FY23.

## A. AUDIT COMMITTEE

The Audit Committee comprises of three Members, consisting of all IDs. The Committee was re-constituted on August 24, 2022 on cessation of Ms. Ritu Anand as an Independent Director of the Company w.e.f. August 15, 2022. The Committee is chaired by Mr. Anil Singhvi and has Mr. Ajay Sondhi and Ms. Anita Belani as its Members with any two Members forming the quorum.

The Committee met five times during FY23. The time gap between two consecutive meetings was less than one hundred and twenty days. The dates of the Meetings were May 20, 2022; August 09, 2022; August 24, 2022; November 11, 2022 and February 01, 2023.

The Chief Financial Officer, the representatives of the Statutory Auditors and the Internal Auditors are generally invited to the Audit Committee Meetings. The Company Secretary of IDFC is the Secretary to the Audit Committee. The Minutes of the Audit Committee Meetings are circulated to the Members of the Board regularly and are taken note of. All Members of the Audit Committee are financially literate and have accounting and related financial management expertise.

**The role of the Audit Committee includes the following:**

- a. Oversight of the Company's financial reporting process and ensuring correct, adequate and credible disclosure of financial information.
- b. Recommending to the Board, the appointment, remuneration and terms of appointment if required, of the Statutory Auditors & the Internal Auditors, the fixation of audit fees and Interim/Final Dividend.
- c. Reviewing, with the Management, the annual financial statements and Auditors' Report before submission to the Board for approval, with special emphasis on accounting policies and practices, compliance with accounting standards and other legal requirements concerning financial statements.
- d. Review performance and financials of subsidiary companies, including Investments made by them.
- e. Review and monitor the auditor's independence and performance, and effectiveness of audit process.
- f. Reviewing the adequacy of internal audit carried out in the Company and wherever required, to review the scope, coverage and frequency of the internal audit and amend the same as per requirements.
- g. The Audit Committee is also appraised on information with regard to related party transactions by being presented and having its views taken on. A statement in summary form of transactions with related parties in the ordinary course of business and carried out at arm's length basis.
- h. Scrutiny of inter-corporate loans and investments.
- i. Valuation of undertakings or assets of the company, wherever it is necessary.
- j. Details of materially significant individual transactions with related parties which are not in the normal course of business.
- k. Details of materially significant individual transactions with related parties or others, which are not on an arm's length basis along with Management's justification for the same, if any.

- l. Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate.
- m. Evaluation of internal financial controls and risk management systems.
- n. Monitoring the end use of funds raised through public offers and related matters.
- o. Any other terms of reference as may be included from time to time in the Act, SEBI LODR Regulations, including any amendments / reenactments thereof from time to time.

**B. NOMINATION & REMUNERATION COMMITTEE**

The Nomination & Remuneration Committee ("NRC") was re-constituted on June 22, 2022. Dr. Jaimini Bhagawati and Ms. Ritu Anand ceased to be a member of the committee w.e.f. June 22, 2022. Ms. Anita Belani was inducted as the Chairperson of the NRC w.e.f. May 20, 2022 in place of Mr. Ajay Sondhi. The NRC consists of 3 members namely, Ms. Anita Belani as the Chairperson, Mr. Anil Singhvi and Mr. Ajay Sondhi as its Members, all of whom are IDs. The quorum of the meeting is any two Members. The Committee met five times during the year on May 20, 2022; August 24, 2022; September 29, 2022; November 07, 2022 and March 17, 2023.

**The role of NRC includes the following:**

- a. Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration of the Directors and Key Managerial Personnel.
- b. Scrutinizing the nominations of the Directors with reference to their qualifications and experience, for identifying 'Fit and Proper' persons, assessing competency of the persons and reviewing compensation.
- c. Formulation of criteria for evaluation of performance of every Director and the Board as a whole.
- d. Devising a policy on Board diversity.
- e. Identifying persons who are qualified to become Directors and who may be appointed in senior management

- f. in accordance with the criteria laid down and recommend to the Board their appointment and removal & shall carry out evaluation of every Director's performance.
- f. Administering the Employee Stock Option Plan of the Company and determining eligibility of employees for stock options.
- g. Compensation to KMPs and extension of their term.
- h. Any other terms of reference as may be included from time to time in the Act, SEBI LODR Regulations, including any amendments / reenactments thereof from time to time.

**REMUNERATION POLICY**

IDFC pays remuneration to the Executive Director ("ED") by way of salary, perquisites including retirement benefits (fixed component) and a variable component based on the recommendation of the NRC and approval of the Board and the Shareholders of the Company. The Company has a Board approved Remuneration policy in place which is hosted on the website of the Company [www.idfclimited.com](http://www.idfclimited.com). The Board has approved a corporate restructuring plan and the role of ED and senior management is to execute the same in a time bound manner. Remuneration is decided keeping this in mind.

The NEDs are paid remuneration by way of commission and sitting fees. Commission is paid as per the limits approved by the Shareholders of the Company at the 24th AGM held on September 22, 2021 within ceiling of 1% of the net profit of the Company. The Commission is distributed on the basis of attendance and contribution made at the Board and Committee Meetings as well as Chairpersonship of the Committees, as well as time spent on operational matters other than meetings.

As on March 31, 2023, following NEDs hold equity shares in the Company:

1. Mr. Anil Singhvi: 2,00,000

**Table 3** gives details of remuneration paid to the Directors during FY23. The

NAME OF THE DIRECTOR	DIN	SITTING FEES	SALARY*	CONTRIBUTION TO PROVIDENT AND OTHER FUNDS	COMMISSION PAID FOR FY 22	PAID DURING FY23 TOTAL
Mr. Mahendra N Shah <sup>3</sup>	00124629	-	1,01,91,703**	31,38,426	-	1,33,30,129
Ms. Ritu Anand <sup>1</sup>	05154174	7,00,000	-	-	15,10,547	22,10,547
Mr. Ajay Sondhi	01657614	17,75,000	-	-	14,13,972	31,88,972
Dr. Jaimini Bhagwati	07274047	17,25,000	-	-	13,13,698	30,38,698
Mr. Sunil Kakar <sup>2</sup>	03055561	-	2,75,81,359	20,39,280	-	2,96,20,639
Mr. Anil Singhvi	00239589	18,75,000	-	-	14,47,671	33,22,671
Ms. Anita Belani	01532511	17,50,000	-	-	6,37,260	23,87,260

1. Ceased to be Independent Director at the close of business hours on August 15, 2022

2. Ceased to be the Managing Director & CEO at the close of business hours on September 30, 2022

3. Appointed as additional Director in category of Managing Director - Designate w.e.f. August 24, 2022

\* Excludes ESOP perquisites

\*\* Excludes perquisite of Rs. 2,44,30,000/- on ESOP granted while he was not a Director.

Company did not advance loans to any of its Directors during FY23. None of the Directors is entitled to severance fee and none of the NEDs held any stock options as at March 31, 2023. As per the current term of employment, the notice period of Mr. Mahendra N Shah, MD is 3 months. None of the employees of the Company is related to any of the Directors of the Company.

### C. RISK MANAGEMENT & IT STRATEGY COMMITTEE

The Board of Directors of IDFC at its meeting held on June 22, 2022, merged Risk Management Committee and IT Strategy Committee with immediate effect. The Committee was re-constituted on August 24, 2022 on cessation of Ms. Ritu Anand as Independent Director of the Company w.e.f. August 15, 2022. Ms. Anita Belani was inducted as Chairperson of the committee w.e.f. August 24, 2022. The committee consists of 3 members namely Ms. Anita Belani as Chairperson and Mr. Anil Singhvi, Dr. Jaimini Bhagwati as its members with any two Members forming the quorum. The Risk Committee met two times during the year on May 06, 2022 and November 11, 2022.

IDFC has in place mechanism to inform the Board about its risk assessment and risk mitigation procedures with periodical reviews to ensure that the Management controls risk through a Board-approved properly defined framework. This is done through its Board-level Risk

Management & It Strategy Committee and it monitors and reviews risk management of the Company on a regular basis.

The committee reviews and monitors mainly three types of risks across the organisation: credit risk, market risk and operational risk and takes note of the Legal & Regulatory updates for all the Non-Bank Entities. The Chairperson of the Committee reports the findings / observations of the Committee to the Board.

### D. STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Stakeholders' Relationship Committee ("SRC") was re-constituted on June 22, 2022. The SRC consists of three Directors- Mr. Anil Singhvi as the Chairman, Dr. Jaimini Bhagwati and Mr. Ajay Sondhi as its members with any two Members forming the quorum. The Committee met one time during the year on May 20, 2022. The Committee is empowered to handle Shareholders' and other investors' complaints and grievances. The SRC considers and resolves the grievances of the equity Shareholders of the Company, including complaints related to transfer of equity shares, nonreceipt of annual report, non-receipt of declared dividends, etc. Additionally, it is responsible to perform any other function as stipulated by the Act, Reserve Bank of India, SEBI, Stock Exchanges and any other regulatory authority or under any applicable laws, as amended from time to time.

Additionally, Allotment and Share Transfer Committee ("ASTC") was reconstituted on October 17, 2022, on cessation of Mr. Sunil Kakar as the MD & CEO of the Company w.e.f. September 30, 2022. Ms. Shivangi Mistry was inducted as the Member of the committee w.e.f. October 17, 2022 in place of Mr. Sunil Kakar. ASTC comprising of Dr. Jaimini Bhagwati as the Chairman, Mr. Mahendra N Shah and Ms. Shivangi Mistry as members who look into share allotment, transfer, transmission, name deletion, transposition, re-materialisation and related applications received from Shareholders, with a view to accelerate the transfer procedures. The quorum for any meeting of this Committee is two Members. The Committee met five times during the year on May 31, 2022, September 20, 2022, October 21, 2022, November 30, 2022 and January 04, 2023.

Ms. Shivangi Mistry, the Company Secretary is designated as the Compliance Officer in terms of the SEBI LODR Regulations whose designated e-mail address for investor complaints is shivangi.mistry@idfclimited.com. All complaints received during the year have been redressed to the satisfaction of the Shareholders and one complaint was pending as on March 31, 2023 was resolved on April 03, 2023. Details of queries and grievances received and attended by the Company during FY23 are given in **Table 4**.

SR. NO.	NATURE OF COMPLAINT	PENDING AS ON APRIL 1, 2022	RECEIVED DURING THE YEAR	ANSWERED DURING THE YEAR	PENDING AS ON MARCH 31, 2023
1.	Non-receipt of Dividend warrants	NIL	NIL	NIL	NIL
2.	Non-receipt of Annual Report	NIL	NIL	NIL	NIL
3.	Complaints received from:				
	- SEBI	NIL	1	1	NIL
	- Stock Exchange	NIL	10	9	1*
4.	Non-receipt of Refund	NIL	NIL	NIL	NIL
5.	Non-receipt of Electronic Credit(s)	NIL	NIL	NIL	NIL
6.	Non-receipt of Securities	NIL	NIL	NIL	NIL

\* Resolved on April 03, 2023

## E. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility (“CSR”) was re-constituted on October 17, 2022. On cessation of Mr. Sunil Kakar as the MD & CEO of the Company w.e.f. September 30, 2022, Mr. Anil Singhvi was inducted as the Member of the CSR Committee w.e.f. October 17, 2022. The CSR Committee consists of three Directors, Dr. Jaimini Bhagwati as the Chairman, Mr. Ajay Sondhi and Mr. Anil Singhvi as its Members. The quorum of the meeting is two Members. During the year one meeting was held on February 27, 2023.

The purpose of the Committee is to formulate and monitor the CSR policy of the Company which shall indicate the activities to be undertaken by the Company as specified in Schedule VII and recommend the amount of expenditure to be incurred on these activities. A copy of the said CSR policy is placed on the website of the Company: [www.idfclimited.com](http://www.idfclimited.com). Details of the CSR contribution made by IDFC during the year are given as **Annexure 4** to the Board’s Report.

## F. STRATEGY AND INVESTMENT COMMITTEE

The Board of Directors at its meeting held on June 22, 2022 decided to discontinue the said committee with immediate effect.

### Terms of Reference of the Strategy & Investment Committee

- To oversee divestment of nonstrategic assets and investments.
- Examine in details the options available for unlocking value for IDFC shareholders and timelines.

- Other strategic directions for engaging in dialogues with Regulators and Stakeholders.
- To make recommendation to the Board about strategic decisions taken at the meeting.
- To examine and recommend compensation/incentive framework for Senior Management Team which executes project “Unlock Value”.
- The Committee hold meetings at such intervals as may be necessary to discuss strategy or related matters and for monitoring timelines.

## G. IT STRATEGY COMMITTEE

As per the provisions of RBI master direction RBI/DNBS/2016-17/53 DNBS. PPD.No.04/66.15.001/2016-17 dated June 8, 2017 pertaining to “Information Technology Framework for NBFC sector, during the year the Board of Directors of IDFC at its meeting held on June 22, 2022, merged Risk Management Committee and IT Strategy Committee with immediate effect.

### Terms of reference of IT Strategy

#### Committee includes:

- Approving IT strategy and policy documents for an effective strategic planning. IT strategy will be based on the NBFC Business strategy.
- Communicating and monitoring information technology strategy internally and externally so that all employees, partners, suppliers, and contractors understand the Companywide strategic plan and how it carries out the company’s overall goals.
- Ascertaining that management has implemented processes and

- practices that ensure that the IT delivers value to the business.
- Ensuring IT investments are in line with business requirements, accepted IT Security standards within agreed budgets.
- Review of IT team strength, IT outsourced activities and guide in resource mobilizing for executing strategies.
- Ensuring proper controls exist towards IT risks giving a balance of risks and benefits.
- Driving technology decision-making that creates medium- and long-term improvement.
- Reviewing key strategic priorities and translating them into a comprehensive strategic plan for technology initiatives.
- Monitoring the execution of the IT policy, ISMS policy, BCP policy, DR policy, IT Outsourcing policy.
- IT Budgets review and approval
- IT projects review and approve delivery schedules.

## H. Corporate Restructuring Committee

The Board of Directors at its meeting held on June 22, 2022 decided to discontinue the said committee with immediate effect and all the decision pertaining to proposed merger will be taken by entire Board of IDFC Limited.

## SEPARATE MEETING OF INDEPENDENT DIRECTORS

The IDs of the Company met on March 17, 2023 without the presence of the Non-Independent Directors and senior management team of the Company.

FINANCIAL YEAR	LOCATION OF THE MEETING	DATE	TIME	SPECIAL RESOLUTIONS PASSED WITH REQUISITE MAJORITY
FY20	Through Video Conferencing recorded at 906/907, 9 <sup>th</sup> Floor, Embassy Centre, Jammalal Bajaj Road, Nariman Point, Mumbai - 400021	September 25, 2020	11.00 a.m.	i. Re-appointment of Mr. Sunil Kakar as the Managing Director & CEO
FY21	Through Video Conferencing recorded at 906/907, 9 <sup>th</sup> Floor, Embassy Centre, Jammalal Bajaj Road, Nariman Point, Mumbai - 400021	September 22, 2021	11:00 a.m.	NONE
FY22	Through Video Conferencing recorded at 906/907, 9 <sup>th</sup> Floor, Embassy Centre, Jammalal Bajaj Road, Nariman Point, Mumbai - 400021	September 27, 2022	11:00 a.m.	i. Appointment of Mr. Mahendra N Shah as the Managing Director

All IDs attended the Meeting and discussed the matters as required under the relevant provisions of the Act and the SEBI LODR Regulations.

In addition to the said formal Meeting, interactions outside the Board Meetings also take place between the Chairman and IDs.

### INDEPENDENT DIRECTORS COMMITTEE

The Independent Directors Committee was constituted on March 18, 2023. The Independent Directors Committee consist of 4 members, namely Mr. Anil Singhvi as the Chairman, Mr. Ajay Sondhi, Ms. Anita Belani and Dr. Jaimini Bhagwati as its members.

### BOARD EVALUATION

The Act and SEBI LODR Regulations contain broad provisions on Board Evaluation i.e. evaluation of the performance of:

- (i) the Board as a whole,
- (ii) individual Directors (including ID and Chairman) and
- (iii) various Committees of the Board.

The provisions also specify responsibilities of Directors / Committees for conducting such evaluation.

SEBI, vide its circular dated January 5, 2017 had provided a guidance note covering all major aspects of evaluation

which would serve as a guide for listed entities and may be adopted by them if considered appropriate.

Accordingly, detailed questionnaires were prepared and circulated to the Board for Annual evaluation. The outcome / responses of the evaluation process was discussed verbally with the Directors present at the meeting.

### FAMILIARISATION PROGRAMMES FOR BOARD MEMBERS

The Board Members are provided with necessary documents, reports and internal policies to enable them to familiarise with the Company's procedures and practices. Periodic presentations were made at the Board Meetings, on business and performance updates of the Company and its subsidiaries, global business environment, business strategy and associated risks, roles, rights and responsibilities of IDs. Details of the same are given on the website of the Company: [www.idfclimited.com](http://www.idfclimited.com).

### FEES PAID TO STATUTORY AUDITORS

The details of fees for all services availed by the Company and its subsidiary companies, on a consolidated basis from the statutory auditor are as follows:

### Remuneration paid to Statutory Auditors for FY 22-23 (Consolidated)

Particulars	FY 22-23
Audit fees	34,00,000
Limited Review fees X 3 quarters	9,36,000
Tax audit fees	2,00,000
Certification fees	2,70,000
Out of pocket	50,583
<b>Total Remuneration paid</b>	<b>48,56,583</b>

### CODE OF CONDUCT

Code of Conduct for all Directors and designated Senior Management Personnel ("SMP") ["Code"] is in place and the said Code is available on the website of the Company: [www.idfclimited.com](http://www.idfclimited.com). All Board Members and designated SMPs have affirmed their compliance with the Code. A declaration to this effect duly signed by the MD is enclosed at the end of this chapter. Further, all IDs have confirmed that they meet the criteria of Independence mentioned under Regulation 16(1)(b) of SEBI LODR Regulations, read with Sections 149(6) and 149(7) of the Act.

### CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

The Company has adopted the Code of Conduct for Prevention of Insider



Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code lays down guidelines and procedures to be followed and disclosures to be made, while dealing with shares of the Company, as well as the consequences of violation. The Code has been formulated to regulate, monitor and ensure reporting of deals by employees and to maintain the highest ethical standards of dealing in Company's securities. The said Code of Conduct for Prohibition of Insider Trading is also available on the website of the Company: [www.idfclimited.com](http://www.idfclimited.com).

## APPOINTMENT / RE-APPOINTMENT / RESIGNATION OF DIRECTORS

Following changes took place in the position of the Directors

1. Ms. Ritu Anand (DIN: 05154174) completed her term of 3 (three) consecutive years at the close of business hours on August 15, 2022. Hence, ceased to be an Independent Director of the Company.
2. Mr. Sunil Kakar (DIN: 03055561) completed his term as the Managing Director & CEO on close of business hours on September 30, 2022.
3. Appointment of Mr. Mahendra N Shah (DIN: 00124629) as the Managing Director - Designate w.e.f. August 24, 2022 till September 30, 2022 and as the Managing Director w.e.f. October 01, 2022 to September 30, 2023.
4. Re-appointment of Mr. Ajay Sondhi (DIN: 01657614), as an Independent Director of the Company w.e.f. November 08, 2022 till conclusion of the 26th AGM of the Company to be held for FY 23.

The Board places on record its sincere appreciation for the service rendered by

Mr. Sunil Kakar and Ms. Ritu Anand during their tenure in the Company.

## GENERAL BODY MEETINGS ANNUAL AND EXTRAORDINARY GENERAL MEETINGS OF SHAREHOLDERS

**Table 5** gives details of AGMs held during last three years. No Extra-Ordinary General Meeting was held during the last three financial years.

### Means of communication with Shareholders

As per Regulation 46 of SEBI LODR Regulations, IDFC maintains a website: [www.idfclimited.com](http://www.idfclimited.com) containing basic information about the Company, such as details of its business, financial results, shareholding pattern, compliance with corporate governance, contact information of the designated official who is responsible for assisting and handling investor grievances. It also displays all official press releases and presentation to institutional investors or analysts made by the Company. This information is regularly updated on the website of the Company.

The financial and other information filed by the Company from time to time is also available on the website of the Stock Exchanges i.e. NSE and BSE. NSE and BSE have introduced their respective electronic platforms namely NSE Electronic Application Processing System ("NEAPS") and BSE Listing Centre Online Portal for submission of various filings by listed companies. IDFC ensures that the requisite compliances are filed through these systems. The Company also informs to the Stock Exchanges the schedule of Investor Conferences where representatives of IDFC attend. The quarterly, half-yearly and annual results of IDFC are published in leading newspapers like the Financial

Express & Makkal Kural and are also displayed on the website of the Company: [www.idfclimited.com](http://www.idfclimited.com).

## DISCLOSURES

### RELATED PARTY DISCLOSURES

During FY23, all transactions entered into with Related Parties, as defined under the Act and SEBI LODR Regulations, were in the ordinary course of business and on an arm's length basis and do not attract the provisions of Section 188 of the Act. There were no materially significant related party transactions that could have any potential conflict of interest of the Company at large. Suitable disclosure as required by the Indian Accounting Standards (Ind-AS) has been made in the notes to the Financial Statements. All Related Party Transactions are placed before the Audit Committee for its review and approval on a quarterly basis. Further, an omnibus approval of the Audit Committee is obtained for the Related Party Transactions which are repetitive in nature and the management appraises the Audit Committee of such transactions every quarter. Further, the details of Related Party Transactions are included in the Notes to the Financial Statements which forms part of this Annual Report. The Board of Directors have formulated a policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions pursuant to the provisions of the Act and SEBI LODR Regulations.

The same are displayed on the website of the Company: [www.idfclimited.com](http://www.idfclimited.com).

### SUBSIDIARY COMPANIES

Regulation 16(1)(c) of SEBI LODR Regulations defines a material non-listed Indian subsidiary as an unlisted subsidiary, incorporated in India, whose Income or net worth (i.e. paid-up capital and free reserves) exceeds 20% of the consolidated

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## IDFC'S STOCK EXCHANGE CODE FOR EQUITY SHARES

NAME & ADDRESS OF THE STOCK EXCHANGE	STOCK SYMBOL / SCRIP CODE
National Stock Exchange of India Limited Exchange Plaza, C-1, Block G, Bandra-Kurla-Complex, Bandra (East), Mumbai 400 051	IDFC
BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001	532659
ISIN	INE043D01016



# VIRTUAL ANNUAL GENERAL MEETING

DATE & TIME  
**THURSDAY AUGUST 17, 2023  
AT 3:00 PM**

Income or net worth, respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year. By this definition, as of March 31, 2023, the Company has One material subsidiary-IDFC Financial Holding Company Limited (Unlisted). Further, as per Regulation 24(1) IDFC has nominated its IDs on the Board of IDFC Financial Holding Company Limited. A Policy for determining 'material' subsidiaries is placed on the website of the Company: [www.idfclimited.com](http://www.idfclimited.com). The Audit Committee of IDFC reviews the financial statements of the subsidiary company and the investments made by its subsidiary. The minutes of the Board Meetings of the subsidiary company are placed before the Board of IDFC at regular intervals. A statement of all significant transactions and arrangements entered into by the subsidiary company, if any, is periodically placed before the Board of IDFC. The audited Annual Financial Statements of the subsidiary companies are provided to the Audit Committee and Board of IDFC.

## **CONFIRMATION OF COMPLIANCE**

IDFC has complied with all the requirements of regulatory authorities. No penalties or strictures were imposed on the Company by Stock Exchanges or SEBI or any other statutory / regulatory authority(ies) on any matter related to capital market during the last three years.

## **AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

As required under Schedule V of SEBI LODR Regulations, the Auditors' Certificate on Corporate Governance is annexed and forms part of the Annual Report.

## **COMMODITY PRICE RISKS OR FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES**

The Company did not enter into any Commodity transactions. Further, the Company did not have any foreign currency exposure.

## **POSTAL BALLOT**

During the year, following Resolutions were passed by the Company through Postal Ballot.

1. Special Resolution- To approve divestment/ sale/ disposal of the IDFC Asset Management Company Limited (material subsidiary of IDFC Limited) and IDFC AMC Trustee Company Limited.
2. Special Resolution - Re-appointment of Mr. Ajay Sondhi (DIN: 01657614) as an Independent Director of the Company.

## **PROCEDURE FOR POSTAL BALLOT**

Pursuant to the provisions of Section 110 of the Act read with Rule 22 of Companies (Management and Administration) Rules, 2014 (Management Rules), as amended, the Company had issued Postal Ballot Notice on June 07, 2022 and January 05, 2023 to the Members. In compliance with provisions of Section 108 and Section 110 and other applicable provisions, of the Act read with the Management Rules, the Company had provided remote e-voting facility to all the Members of the Company.

The Company engaged the services of KFin Technologies Limited, Registrar and Share Transfer Agents (RTA) of the Company for facilitating e-voting to enable the Members to cast their votes electronically. The Board of Directors

had appointed Bhandari & Associates, Practicing Company Secretaries, as the Scrutinizer, to act as the Scrutiniser for Postal Ballot process.

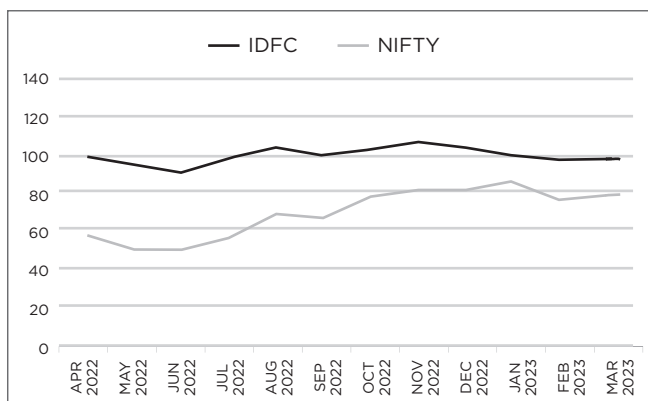
The Scrutiniser, after the completion of scrutiny, submitted his reports to the Company Secretary, who was duly authorised by the Chairman to accept, acknowledge and countersign the Scrutiniser's Report as well as declare the voting results in accordance with the provisions of the Act, the Rules framed thereunder and the Secretarial Standard - 2 issued by the Institute of Company Secretaries of India.

The consolidated results of the voting by Postal Ballots and e-voting were announced on July 08, 2022 and February 08, 2023. The results were also displayed on the website of the Company at [www.idfclimited.com](http://www.idfclimited.com) and on the website of KFin Technologies Limited at <https://evoting.kfintech.com/> and also communicated to BSE Limited (BSE), National Stock Exchange of India Limited (NSE). The Company may seek to pass Special Resolution(s) in FY24 through Postal Ballot, as and when required, subject to applicable Act and Rules.

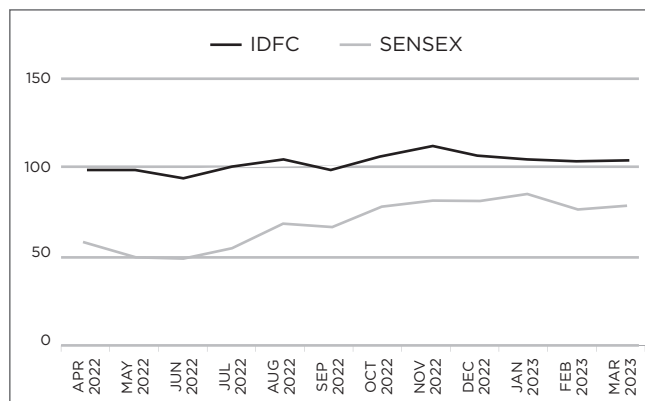
## **VIGIL MECHANISM & WHISTLE BLOWER POLICY**

Pursuant to provisions of Section 177(9) of the Act and Regulation 22 of SEBI LODR Regulations, the Company has established the Vigil Mechanism, by adopting Whistle Blower Policy, for the Directors and Employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code

**CHART A IDFC V/S NIFTY IN PERCENTAGE**



**CHART B IDFC V/S SENSEX IN PERCENTAGE**



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**HIGH, LOW AND VOLUMES OF IDFC'S EQUITY SHARES**

MONTH	BSE			NSE		
	HIGH PRICE	LOW PRICE	TURNOVER (IN LACS)	HIGH PRICE	LOW PRICE	TURNOVER (IN LACS)
Apr-22	70.15	56.70	10,392.71	70.20	56.55	2,297.91
May-22	57.55	55.65	6,762.82	57.60	45.50	1,228.00
Jun-22	51.50	42.25	5,157.41	51.45	42.20	954.00
Jul-22	55.95	48.65	3,618.66	55.90	48.65	827.00
Aug-22	69.90	55.00	7,238.36	69.95	55.00	1,785.00
Sep-22	71.75	62.55	7,074.62	71.70	62.55	1,480.00
Oct-22	80.00	64.85	15,486.92	80.00	64.80	2,099.00
Nov-22	83.70	75.25	8,761.21	83.75	75.30	1,555.00
Dec-22	86.70	73.50	8,173.00	86.45	73.55	1,568.00
Jan-23	88.30	78.15	7,955.20	88.30	78.10	1,576.00
Feb-23	92.40	72.90	19,836.40	92.40	72.85	3,184.00
Mar-23	81.95	75.50	6,778.64	81.60	75.50	1,254.00

of Conduct. It also provides adequate safeguards against the victimisation of employees who avail this mechanism and allows direct access to the Chairman of the Audit Committee in exceptional cases. The Audit Committee reviews the functioning of Whistle Blower Mechanism. The Whistle Blower policy and establishment of Vigil Mechanism have been appropriately communicated within the Company and no personnel has been denied access to the Audit Committee. The said policy has been posted on the website of the Company: [www.idfclimited.com](http://www.idfclimited.com).

**INTERNAL FINANCIAL CONTROLS AND ITS ADEQUACY**

The Board has adopted policies and procedures for ensuring the orderly and efficient conduct of its businesses, including adherence to the Company's policies, the safeguard of its assets, the prevention of frauds and errors, the accuracy and completeness of the accounting policies and the timely preparation of reliable financial disclosures.

**COMPLIANCE**

The Company has adhered to all the mandatory requirements of Corporate Governance norms prescribed under Regulations 17 to 27 and clause (b) to

(i) of sub-regulation (2) of Regulation 46 of SEBI LODR Regulations to the extent applicable to the Company. The term of Mr. Sunil Kakar (DIN: 03055561) as the Managing Director & CEO of the Company ended at closure of business hours on September 30, 2022. Pursuant to Regulation 17(1)(c) of SEBI LODR Regulations the Board of Directors of IDFC shall comprise of not less than six Directors. Due to term completion of Mr. Sunil Kakar, the number of Directors on the Board of the Company reduced from 6 to 5. The Company is in transition mode and the merger process with IDFC FIRST Bank is already initiated and completed within next 9-12 months. The Company has

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## IDFC'S DISTRIBUTION OF SHAREHOLDING AS ON MARCH 31, 2023

SR. NO.	CATEGORY (SHARES)	NO. OF HOLDERS	% TO HOLDERS	NO. OF SHARES	% TO EQUITY
1.	1 - 5000	4,63,804	98.09	14,04,53,528	8.78
2.	5001 - 10000	4,271	0.90	3,18,51,753	1.99
3.	10001 - 20000	2,116	0.45	3,08,10,309	1.93
4.	20001 - 30000	722	0.15	1,81,96,934	1.14
5.	30001 - 40000	377	0.08	1,32,48,018	0.83
6.	40001 - 50000	269	0.06	1,23,78,515	0.77
7.	50001 - 100000	518	0.11	3,80,44,680	2.38
8.	100001 and above	754	0.16	1,31,50,00,699	82.18
	<b>TOTAL</b>	<b>4,72,831</b>	<b>100.00</b>	<b>1,59,99,84,436</b>	<b>100.00</b>

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## IDFC'S EQUITY SHAREHOLDING PATTERN AS ON MARCH 31, 2023

SR. NO.	DESCRIPTION	NO. OF HOLDERS	TOTAL SHARES	% EQUITY
1.	MUTUAL FUNDS	70	26,14,71,773	16.34
2.	ALTERNATIVE INVESTMENT FUND	9	1,29,26,134	0.81
3.	BANKS	8	73,83,911	0.46
4.	INSURANCE COMPANIES	4	98,65,410	0.62
5.	QUALIFIED INSTITUTIONAL BUYER	17	3,60,41,155	2.25
6.	NBFC	8	1,32,455	0.01
7.	INDIAN FINANCIAL INSTITUTIONS	1	100	0.00
8.	FOREIGN PORTFOLIO - CORP	124	20,73,21,990	12.96
9.	FOREIGN INSTITUTIONAL INVESTORS	2	3,48,893	0.02
10.	FOREIGN PORTFOLIO - CORP	13	11,89,47,680	7.43
11.	FOREIGN PORTFOLIO INVESTORS	1	135,000	0.01
12.	PRESIDENT OF INDIA	1	26,14,00,000	16.34
13.	BODIES CORPORATES	4	17,52,042	0.11
14.	DIRECTORS	1	12,00,100	0.08
15.	KEY MANAGEMENT PERSONNEL	2	19,05,196	0.12
16.	I E P F	1	375,482	0.02
17.	RESIDENT INDIVIDUALS	4,56,098	52,62,61,441	32.88
18.	EMPLOYEES	26	593,953	0.04
19.	NON RESIDENT INDIAN NON REPATRIABLE	2,768	1,77,16,116	1.11
20.	NON RESIDENT INDIANS	2,870	1,46,89,335	0.92
21.	RESIDENT INDIVIDUALS	2	13,615	0.00
22.	BODIES CORPORATES	1,984	9,71,22,797	6.07
23.	CLEARING MEMBERS	61	198,380	0.01
24.	TRUSTS	15	268,088	0.02
25.	H U F	8,741	2,19,13,390	1.37
	<b>TOTAL</b>	<b>4,72,831</b>	<b>1,59,99,84,436</b>	<b>100.00</b>

SR. NO.	DPID	FOLIO/CL-ID	NAME/JOINT NAME(S)	HOLDING	% TO EQT	MINOR CODE
1.	IN302437	20095610	PRESIDENT OF INDIA	261,400,000	16.34	POI
2.	IN300142	10754198	THELEME MASTER FUND LIMITED	72,794,726	4.55	FPC
3.	IN301549	16191396	ASHISH DHAWAN	56,000,000	3.50	PUB
4.	IN300054	10068099	HDFC SMALL CAP FUND	50,571,544	3.16	MUT
5.	IN303307	10002026	ELLIPSIS PARTNERS LLC	37,100,000	2.32	FPC
6.	IN300126	11273858	BAOBAB GLOBAL FUND LTD	37,054,989	2.32	FPC
7.	IN300476	40314385	AKASH BHANSHALI	3,435,0921	2.15	PUB
8.	IN300167	10142910	HDFC LIFE INSURANCE COMPANY LIMITED	30,000,000	1.88	QIB
9.	IN303438	10016654	VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERIES OF VANGUARD INTERNATIONAL EQUITY INDEX FUNDS	18,365,904	1.15	FPC
10.	IN300126	11270340	TATA MUTUAL FUND - TATA SMALL CAP FUND	17,936,132	1.12	MUT
<b>TOTAL</b>				<b>615,574,216</b>	<b>38.59</b>	

minimal business operations and will cease to exist post merger with IDFC FIRST Bank. In this regard, we have submitted our representation to BSE and NSE vide our letter dated February 13, 2023, February 27, 2023 and February 28, 2023 and email dated April 06, 2023 seeking waiver from the requirement of having 6 directors.

To comply with the requirement of Regulation 17, of SEBI LODR, the Board of Directors at its meeting held on July 17, 2023, approved an appointment of Mr. Bipin Gemani (DIN: 07816126) as the Whole Time Director and Chief Financial Officer w.e.f. July 17, 2023 till September 30, 2024 subject to the approval of Shareholders of the Company. As on date, IDFC's Board consisted of 6 Directors and is in conformity with Regulations 17 of SEBI LODR.

## ADOPTION OF NON MANDATORY REQUIREMENTS

### SEPARATE POSTS OF CHAIRPERSON AND MD

The Company has complied with the requirement of having separate persons for the posts of Chairperson and MD. Mr. Anil Singhvi is the Independent Non-Executive Chairman and Mr. Mahendra N Shah is the Managing Director.

### AUDIT QUALIFICATION

During the year under review, there were no audit qualifications in the Company's

Standalone & Consolidated financial statements. IDFC continues to adopt best practices to ensure regime of unqualified financial statements.

### REPORTING OF INTERNAL AUDITORS

The Internal Auditors present their reports directly to the Audit Committee of the Company.

### MANAGEMENT DISCUSSION AND ANALYSIS

Pursuant to Regulation 34(2)(e) of SEBI LODR Regulations, the Annual Report has a separate chapter titled Management Discussion & Analysis.

### DISCLOSURE OF ACCOUNTING TREATMENT IN PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) to comply with the Accounting Standards as specified under Section 133 of the Act. The financial statements have been prepared on the accrual basis under the historical cost convention.

### ANTI-MONEY LAUNDERING AND KNOW YOUR CUSTOMER POLICY

In keeping with specific requirements for a Non-Banking Financial Company, the Company has formulated an Anti-Money Laundering and Know Your Customer Policy.

## GENERAL SHAREHOLDER INFORMATION

### FINANCIAL CALENDAR

#### Financial Year - April 1, 2022 to March 31, 2023

For the year ended March 31, 2023, results were announced on

- August 09, 2022 for the first quarter.
- November 11, 2022 for the second quarter and half year.
- February 01, 2023 for the third quarter and nine months.
- May 04, 2023 for the fourth quarter and annual.

For the year ending March 31, 2024, results will be announced latest by:

- Second week of August, 2023 for the first quarter.
- Second week of November, 2023 for the second quarter and half year.
- Second week of February, 2024 for the third quarter and nine months.
- Last week of May, 2024 for the fourth quarter and annual.

### IDFC'S LISTING AND STOCK EXCHANGE CODES

At present, the equity shares of IDFC are listed on BSE and NSE details whereof are given in **Table 6**. The annual listing fees for FY23 have been paid.

### STOCK PRICES

**Table 7** gives details of the stock market prices of IDFC's shares. A comparison of

the share prices of the Company at NSE and BSE with their respective indices are given in **Charts A** and **B**.

### DISTRIBUTION OF SHAREHOLDING

The distribution of the shareholding of IDFC's equity shares by size and shareholding pattern by ownership along with Top 10 equity Shareholders of the Company as on March 31, 2023 are given in **Table 8**, **Table 9** and **Table 10**, respectively.

### DEMATERIALIZATION OF SHARES

The Company's shares are compulsorily traded in dematerialised form and are available for trading on both the depositories in India NSDL and CDSL. As on March 31, 2023, approximately 99.99% shares of IDFC were held in dematerialized form. The details of the same are given in **Table 11**.

### OUTSTANDING GDRS / ADRS / WARRANTS OR ANY CONVERTIBLE INSTRUMENTS, CONVERSION DATE AND LIKELY IMPACT ON EQUITY

The Company does not have outstanding GDRs / ADRs / Warrants or any Convertible Instruments as on date.

### UNCLAIMED / UNPAID DIVIDEND

Pursuant to the provisions of Sections 124 and 125 of the Act, any dividend which remains unclaimed / unpaid for a period of seven years from the date of transfer to the unpaid dividend account is required to be transferred to Investor Education and Protection Fund ("IEPF") established by the Central Government.

Accordingly, an amount of Rs. 4,009,441.00 being unclaimed / unpaid dividend for FY14-15 and which remained unpaid and unclaimed for a period of 7 years has been transferred by the Company to the IEPF. Pursuant to the applicable provisions of the Act and Rules made thereunder, as amended from time to time, it is clarified that after such a transfer, no claim shall lie against the Company. However, the investor can claim the unpaid dividend from the IEPF Authority.

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### DEMATERIALIZATION OF SHARES AS ON MARCH 31, 2023

CATEGORY	NO. OF SHARES	%
Physical	39,999	β*
NSDL	1,402,766,067	87.67
CDSL	197,178,370	12.33
<b>TOTAL</b>	<b>1,599,984,436</b>	<b>100.00</b>

\* β denotes negligible value.

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### STATUS OF UNCLAIMED DIVIDEND AS ON MARCH 31, 2023

PARTICULARS	UNCLAIMED DIVIDEND (RS.)	DATE OF DECLARATION OF THE DIVIDEND	LAST DATE FOR CLAIMING DIVIDEND
2015-16 <sup>1</sup>	-	-	-
2016-17	885,765.50	July 28, 2017	August 29, 2024
2017-18	2,400,220.50	July 31, 2018	September 1, 2025
INTRIM 2019-2020 - 1	5,102,782.50	September 21, 2019	October 23, 2026
INTERIM 2019-2020 - 2	1,807,087.75	November 14, 2019	December 18, 2026
2020-21	-	-	-
2021-22	-	-	-
INTRIM 2022-2023 - 1	714,309.00	April 06, 2022	May 07, 2029
INTERIM 2022-2023 - 2 <sup>2</sup>	72,718,556.00	February 01, 2023	March 02, 2030

<sup>1</sup> Dividend was not declared for FY 2015-16, FY 2020-21 and FY 2021-22

<sup>2</sup> DD's issued, yet to be encashed

The status of Dividend remaining unclaimed is given in **Table 12**. Pursuant to the provisions of IEPF (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on September 27, 2022 (date of last AGM) on the Company's website: [www.idfclimited.com](http://www.idfclimited.com) and on MCA website.

### TRANSFER OF SHARES TO IEPF

Pursuant to the applicable provisions of Section 124(6) of the Act, read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 and subsequent modification thereof, all shares in respect of which dividend have remained unpaid or unclaimed for consecutive seven years; the corresponding shares have to be transferred to IEPF Authority. In compliance with the aforesaid provisions, the Company has transferred 71,715 equity shares of Rs. 10 each to the

designated account of the IEPF Authority. As required under the said provisions, all subsequent corporate benefits that will be accrued in relation to the above shares shall also be credited to the corresponding Bank account of IEPF Authority. The details of such shares transferred to IEPF are available on website of the Company at [http://www.idfclimited.com/investor\\_relations/UnclaimedShares.htm](http://www.idfclimited.com/investor_relations/UnclaimedShares.htm).

Further, as per the terms of Section 124(6) of the Act and Rule 7 of the IEPF Rules, the Shareholders can claim the shares from IEPF Account by making an online application in Form IEPF - 5 which is available at <http://www.iepf.gov.in>

The Company had already sent communication to the Shareholders requesting them to claim the dividend, in order to avoid their shares getting transferred to IEPF. Accordingly, Shareholders who have not claimed the dividend since FY14, are requested to contact KFin Technologies Limited

PARTICULARS	NO. OF CASES/ MEMBERS	NO. OF SHARES OF Rs. 10 EACH
Aggregate number of Shareholders and the outstanding shares in the suspense account lying at the beginning of the year	5	1,397
Number of Shareholders who approached to IDFC/ Registrar for transfer of shares from suspense account during the year 2022-23	NIL	NIL
Number of Shareholders to whom shares were transferred from suspense account during the year 2022-23	NIL	NIL
Shares Transferred to IEPF Pursuant to the IEPF Rules	NIL	NIL
Aggregate number of Shareholders and the outstanding shares in the suspense account lying at the end of the year i.e. as on March 31, 2023	5	1,397

(formerly known as KFin Technologies Private Limited) and submit requisite documents, failing which the Company will be constrained to transfer the shares to IEPF Authority as per the Rules.

### UNCLAIMED SHARES LYING IN THE ESCROW ACCOUNT

IDFC had credited the unclaimed shares lying in the escrow account, allotted in the Initial Public Offer of the Company during July-August, 2005, into a Demat Suspense Account opened specifically for this purpose. These shares were transferred to IEPF Authority as per the IEPF Rules. Details of shares which were lying in the 'Unclaimed Suspense Account' and were transferred to IEPF Authority are given in **Table 13**. Further as per the terms of Section 124(6) of the Act and Rule 7 of the IEPF Rules, the Shareholders can claim the shares from IEPF Account by making an online application in Form IEPF - 5 which is available at <http://www.iepf.gov.in>.

### SHARE TRANSFER SYSTEM

IDFC has appointed KFin Technologies Limited (formerly known as KFin Technologies Private Limited) (KFin) as its Registrar and Transfer Agent. All share transfer and related operations are conducted by KFin, which is registered with the SEBI as a Category 1 Registrar. The shares sent for physical transfer are effected after giving a 15 day's notice to the seller for confirmation of the sale. IDFC has a Stakeholders' Relationship Committee for monitoring redressing of Shareholders' complaints regarding securities issued by IDFC from time to time.

As required under Regulation 40(9) of SEBI LODR Regulations, a Practising Company Secretary examines the records relating to Share Transfer Deeds, Registers and other related documents on a half yearly basis and has certified compliance with the provisions of the above Regulations.

As required by SEBI, audit of Reconciliation of Share Capital is conducted by a Practising Company Secretary on a quarterly basis for the purpose, inter alia, of reconciliation of the total admitted equity share capital with the depositories and in physical form with the total issued / paid-up equity share capital of the Company. Certificates issued in this regard are forwarded to BSE and NSE on periodic basis.

### INVESTOR CORRESPONDENCE SHOULD BE ADDRESSED TO REGISTRAR AND SHARE TRANSFER AGENT

KFin Technologies Limited  
(formerly known as KFin Technologies Private Limited) (Unit: IDFC Limited)  
Selenium Tower B, Plot No. 31 & 32,  
Gachibowli, Financial District,  
Nanakramguda, Serilingampally,  
Hyderabad - 500 032  
Tel: 040-67162222 / 79611000  
Fax: 040-23431551  
Toll free: 1800 309 4001  
E-mail: [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com)  
Website: [www.kfintech.com](http://www.kfintech.com)

### THE COMPANY SECRETARY

Ms. Shivangi Mistry  
IDFC Limited  
906/907, 9th Floor, Embassy Centre,  
Jamnalal Bajaj Road,  
Nariman Point, Mumbai - 400021  
Tel: +91 22 2282 1549  
E-mail: [shivangi.mistry@idflimited.com](mailto:shivangi.mistry@idflimited.com)  
Website: [www.idflimited.com](http://www.idflimited.com)

### REGISTERED OFFICE ADDRESS

IDFC Limited  
4th Floor, Capitale Tower, 555 Anna Salai,  
Thiru Vi Ka Kudiyiruppu, Teynampet  
Chennai - 600018  
Tel: +91 44 45644201 / 4202 / 4223

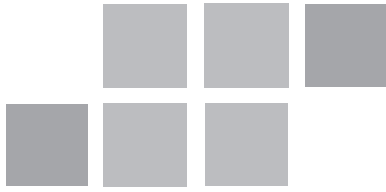
## SKILLS/EXPERIENCE/EXPERTISE OF THE BOARD OF DIRECTORS

NAME OF DIRECTOR	QUALIFICATION / SKILLS	EXPERIENCE / EXPERTISE
Mr. Anil Singhvi (64 years)	Mr. Singhvi holds degree of Chartered Accountant from ICAI.	<p>Mr. Singhvi, a Chartered Accountant, has over 40 years of experience in Corporate sector, out of which he spent 22 years with Ambuja Cements Ltd, where he rose from Manager to Managing Director &amp; CEO. He played a defining role in making of Ambuja Cements.</p> <p>In 2012 he Co-founded IIAS (Institutional Investor Advisory Services India Ltd), proxy advisory company for Institutional Investors. This is a pioneering effort in India for improving Corporate Governance and accountability of the Corporates. IIAS covers over 800 Indian Corporates and advises Investors on the issues of corporate governance and voting.</p> <p>Apart from this, he is also Director on various companies, some of which are Subex Ltd, Shree Digvijay Cement Co. Ltd, Institutional Investor Advisory Services India Ltd.</p> <p>He is a Governing Council member of Foundation for Liberal and Management Education (FLAME University). FLAME was founded to impart Liberal Arts education for Undergraduate students. He has been involved with FLAME from its inception. FLAME is uniquely positioned as one of the only institute in India for Liberal Arts education.</p> <p>He is also closely associated as Trustee with SAMPARC- a non government organization (founded in 1990) that helps to empower the destitute children and provides them not only shelter but a complete way of life. SAMPARC shelters over 800 such children by running 8 homes in the different parts of the country.</p>
Dr. Jaimini Bhagwati (70 years)	Dr. Bhagwati received his PhD in Finance from Tufts University, USA. He did his Master's in Physics from St Stephen's College, Delhi and a Master's in Finance from the Massachusetts Institute of Technology, USA.	<p>Dr. Jaimini Bhagwati is a former IFS officer, economist and foreign policy expert. He was the High Commissioner to the UK and Ambassador to the European Union, Belgium and Luxembourg. Dr. Bhagwati has served in senior positions in the Government of India, including in foreign affairs, finance and atomic energy. In his earlier role at the World Bank, he was a specialist in international bond and derivatives markets and was the RBI chair professor at ICRIER. He is currently a Distinguished Fellow at a Delhi based think-tank called the Centre for Social and Economic Progress (CSEP).</p> <p>Dr. Bhagwati received his PhD in Finance from Tufts University, USA. He did his Master's in Physics from St Stephen's College, Delhi and a Master's in Finance from the Massachusetts Institute of Technology, USA. Penguin published his book titled "The Promise of India: How Prime Ministers Nehru to Modi shaped the nation" in August 2019 and his papers have been carried in several books, ICRIER and at the World Bank. His latest Working Paper dated January 19, 2022 at CSEP is titled "Insolvency and Bankruptcy Code (IBC) and Long-term Bulk Lending in India".</p>
Mr. Ajay Sondhi (63 Years)	Mr. Sondhi was a 2017 Fellow, Harvard Advanced Leadership Initiative. He has an MBA in Finance from JBIMS, Mumbai University, and a Bachelor of Arts in Economics (Honors) from St. Stephens College, Delhi University.	<p>Mr. Ajay Sondhi is a Financial Services and Board professional with extensive Indian and global experience. Mr. Sondhi was most recently Founder &amp; CEO of Sentinel Advisors Pte Ltd, Singapore, a boutique business and strategy advisory firm. He has had a long career in banking, and has held several senior leadership roles in the industry in India and overseas. He was previously MD and Regional Manager for PWM at Goldman Sachs, Singapore. Mr. Sondhi started his career with Citibank India where he rose to become corporate bank and corporate finance head. He subsequently worked with Salomon Brothers Hong Kong, and then moved back to India as Group CEO for Barclays Bank and BZW. He was subsequently Country Head and CEO India for UBS AG, and then went on to become the Vice Chairman and Managing Director for Kotak Mahindra Capital Company.</p> <p>In addition to financial services, Mr. Sondhi also has a strong interest in public health and has a number of engagements in the health sciences area. He recently held an appointment as a Senior Fellow at the Harvard Global Health Institute, Boston. Mr. Sondhi is a Board Director of Maxx Medical Pte. Ltd., Singapore; a Board Director of Noora Health, a California based non-profit active in health education; and an Independent Director on the Board of IDFC Limited. He has previously been an Advisory Board member of Tufts Medical School, Boston, an Independent Director of IDFC Bank, and also of Mahanagar Gas Ltd. Mr. Sondhi is a 2017 Fellow, Harvard Advanced Leadership Initiative. He has an MBA in Finance from JBIMS, Mumbai University, and a Bachelor of Arts in Economics (Honors) from St. Stephens College, Delhi University.</p>



## SKILLS/EXPERIENCE/EXPERTISE OF THE BOARD OF DIRECTORS (CONTD.)

NAME OF DIRECTOR	QUALIFICATION / SKILLS	EXPERIENCE / EXPERTISE
Ms. Anita Belani (59 years)	Ms. Anita did her M.B.A. from XLRI, Jamshedpur and B.A.(Hons) in Economics from Miranda House, University of Delhi.	Ms. Anita P Belani is a seasoned professional with over 30 years' experience as a senior business & human capital leader. She is the Co-Founder and Partner of Emotionally, a mental wellness company specializing in counseling, therapy & coaching. She is an independent director on the board of Redington India Pvt Ltd, Vivriti Capital Pvt Ltd, Eternis Fine Chemicals & Foseco India Ltd. Anita is an ICF Accredited Executive Coach and has over 15 years of coaching experience under her belt having coached several C-suite level executives across various sectors. In her previous roles she has been the Operating Partner of the growth PE fund Gaja Capital, Managing Director India for Russell Reynolds Associates and has lead consulting businesses as Country Head India for Right Management and Watson Wyatt Anita has previously worked with Sun Microsystems in San Francisco in a strategic global HR position, KPMG in the USA, Jardine Fleming and American Express TRS.
Mr. Mahendra N Shah (64 years)	He is a qualified member of the Institute of Chartered Accountants of India (ICAI), the Institute of Cost & Management Accountants of India (ICMA) and the Institute of Company Secretaries of India (ICSI).	Mr. Mahendra N. Shah was the Group Company Secretary & Group Chief Compliance Officer of IDFC Bank Limited and had been the Group Head - Governance, Compliance & Secretarial and Senior Advisor- Taxation at IDFC Limited for more than two decades. In this role, Mr. Shah was responsible for Secretarial, Governance and Compliance functions for over 26 companies/entities of IDFC Group. Currently he is the Company Secretary & Compliance Officer of IDFC Limited since May 24, 2019.  Prior to joining IDFC in 2001, Mr. Shah worked with International Paper Limited for a period of six years as Director Finance and Company Secretary where he was in charge of finance function and regulatory compliances. Mr. Shah has worked as Head of Taxation in SKF Bearings India Limited where he was responsible for Direct and Indirect Taxation matters of the Company across India. He also worked for a short period with Pfizer Ltd as Finance Officer. He has been the Managing Director of IDFC Limited w.e.f. October 01, 2022.  He completed his article ship training for CA with M/s. Bansi S. Mehta & Co, CA for 3 years.
Mr. Bipin Gemani (64 years)	He is a qualified member of the Institute of Chartered Accountants of India (ICAI).	Mr. Bipin Gemani was CFO of IDFC Bank Limited. He joined IDFC Limited in 1997 and was a Group Director - Finance. In this role, he was responsible for Finance & Accounts and Taxation. Prior to joining IDFC, Mr. Gemani worked with Atlas Copco (India) Limited as GM Finance for 9 years.  Mr. Gemani is qualified Chartered Accountant from the Institute of Chartered Accountants of India having membership no. 35735. Mr. Gemani has overall work experience of over 40 years in field of Finance & Accounts.  Mr. Gemani is working with IDFC for more than 25 years and has been actively involved in building of IDFC as a financial conglomerate, creation of IDFC Bank and finally dismantling the complex corporate structure to unlock value for IDFC shareholders.



# BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT

## SECTION A: GENERAL DISCLOSURES

### I. Details of the listed entity

1.	Corporate Identity Number (CIN) of the Listed Entity	L65191TN1997PLC037415
2.	Name of the Listed Entity	IDFC Limited
3.	Year of incorporation	January 30, 1997
4.	Registered office address	4 <sup>th</sup> Floor, Capitale Tower, 555 Anna Salai, Thiru Vi Ka Kudiyiruppu, Teynampet, Chennai - 600 018
5.	Corporate address	906/907, 9 <sup>th</sup> Floor, Embassy Centre, Jamnalal Bajaj Road, Nariman Point, Mumbai - 400021
6.	E-mail	info@idfclimited.com
7.	Telephone	+91 22 2282 1549
8.	Website	www.idfclimited.com
9.	Financial year for which reporting is being done	2022-2023
10.	Name of the Stock Exchange(s) where shares are listed	National Stock Exchange Of India Limited, BSE Limited
11.	Paid-up Capital	Rs. 15,99,98,44,360
12.	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	Name: Ms. Shivangi Mistry Designation: Company Secretary Telephone number: +91 22 2282 1549 E-mail id: shivangi.mistry@idfclimited.com
13.	Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together).	Standalone basis

### II Products / services

14. Details of business activities (accounting for 90% of the turnover):

Sr. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1	Non- Banking Finance Company	Investments	100%

15. Products/Services sold by the entity (accounting for 90% of the entity's Turnover)

Sr. No.	Product / Service	NIC Code	% of total Turnover contributed
1	Investments	99717010	100%

### III. Operations

16. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National	0	2	2
International	0	0	0

17. Markets served by the entity:

- a. Number of locations

Locations	Number
National (No. of States)	1
International (No. of Countries)	0

- b. What is the contribution of exports as a percentage of the total turnover of the entity? **Not Applicable**  
c. A brief on types of customers: **Not Applicable**

### IV. Employees

18. Details as at the end of Financial Year:

- a. Employees and workers (including differently abled):

Sr. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
<b>EMPLOYEES</b>						
1.	Permanent (D)	7	3	42.85	4	57.14
2.	Other than Permanent (E)	0	0	0	0	0
3.	<b>Total employees (D + E)</b>	7	3	42.85	4	57.14
<b>WORKERS</b>						
4.	Permanent (F)	0	0	0	0	0
5.	Other than Permanent (G)	0	0	0	0	0
6.	<b>Total workers (F + G)</b>	0	0	0	0	0

- b. Differently abled Employees and workers:

Sr. No	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
<b>DIFFERENTLY ABLED EMPLOYEES</b>						
1.	Permanent (D)	0	0	0	0	0
2.	Other than Permanent (E)	0	0	0	0	0
3.	<b>Total differently abled employees (D + E)</b>	0	0	0	0	0
<b>DIFFERENTLY ABLED WORKERS</b>						
4.	Permanent (F)	0	0	0	0	0
5.	Other than permanent (G)	0	0	0	0	0
6.	<b>Total differently abled workers (F + G)</b>	0	0	0	0	0

19. Participation/Inclusion/Representation of women

	Total (A)	No. and percentage of Females	
		No. (B)	% (B / A)
Board of Directors	5	1	20%
Key Management Personnel	3	1	33.33%

20 Turnover rate for permanent employees and workers

(Disclose trends for the past 3 years)

	FY 2022-23 (Turnover rate in current FY)			FY 2021-22 (Turnover rate in previous FY)			FY 2020-21 (Turnover rate in the year prior to the previous FY)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
<b>Permanent Employees</b>	0%	33%	0%	16.66%	0%	0%	0%	0%	0%
<b>Permanent Workers</b>	0%	0%	0%	0%	0%	0%	0%	0%	0%

**V. Holding, Subsidiary and Associate Companies (including joint ventures)**

21 (a) Names of holding / subsidiary / associate companies / joint ventures

Sr. No.	Name of the holding / subsidiary / associate companies / joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1	IDFC Financial Holding Company Limited ("IDFC FHCL")	Subsidiary	100	NO
2	IDFC FIRST Bank Limited	Associate	39.99	YES
3	IDFC FIRST Bharat Limited	Associate	39.99	NO
4	Jetpur Somnath Tollways Private Limited	Associate	26	NO

**VI. CSR Details**

22. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: (Yes/No): Yes

(ii) Turnover (in Rs.) - 20,75,58,92,100 /-

(iii) Net worth (in Rs.) - 95,18,64,29,150 /-

**VII. Transparency and Disclosures Compliances**

23. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redress policy)	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	NO	NO	NO	NO	NO	NO	NO
Investors (other than shareholders)	NO	NO	NO	NO	NO	NO	NO
Shareholders	Yes <a href="https://www.idfclimited.com/investor_relations/corporate_governance_policies.htm">https://www.idfclimited.com/investor_relations/corporate_governance_policies.htm</a>	10	1	One Pending complaint as on 31-Mar-2023 was resolved on 03-Apr-2023	2	0	Nil
Employees and workers	NO	NO	NO	NO	NO	NO	NO
Customers	NO	NO	NO	NO	NO	NO	NO
Value Chain Partners	NO	NO	NO	NO	NO	NO	NO
Other (please specify)	NO	NO	NO	NO	NO	NO	NO

24. Overview of the entity's material responsible business conduct issues: **Not Applicable**

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format

Sr. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adaptor mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)

**(Note: Post demerger of Financing Undertaking into IDFC FIRST Bank (an associate), the company has minimal business operations and its focusing mainly on simplification of corporate structure by hiving off / selling businesses with an ultimate objective of merging with IDFC FIRST Bank. As there is no business being undertaken by the company, disclosures adopting NGRBC principles and core elements are not applicable). Accordingly details under Section B and Section C are not provided.**

## SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

Disclosure Questions	P	P	P	P	P	P	P	P	P	
	1	2	3	4	5	6	7	8	9	
<b>Policy and management processes</b>										
1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO
b. Has the policy been approved by the Board? (Yes/No)	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO
c. Web Link of the Policies, if available										
2. Whether the entity has translated the policy into procedures. (Yes / No)	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO
4. Name of the national and international codes/certifications/labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<b>Governance, leadership and oversight</b>										
7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements ( <i>listed entity has flexibility regarding the placement of this disclosure</i> ) <b>NA</b>										
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	NA									
9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.	NO									
10. Details of Review of NGRBCs by the Company:										

Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any other - please specify)									
	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	
	1	2	3	4	5	6	7	8	9	1	2	3	4	5	6	7	8	9	
Performance against above policies and follow up action	D	D	D	D	D	D	D	D	D	A	A	A	A	A	A	A	A	A	A
Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances	D	D	D	D	D	D	D	D	D	A	A	A	A	A	A	A	A	A	A

D = Director A = Annually

11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.	<b>P</b>	<b>P</b>	<b>P</b>	<b>P</b>	<b>P</b>	<b>P</b>	<b>P</b>	<b>P</b>	<b>P</b>
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>
	NO	NO	NO	NO	NO	NO	NO	NO	NO

12. If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated:

<b>Questions</b>	<b>P</b>	<b>P</b>	<b>P</b>	<b>P</b>	<b>P</b>	<b>P</b>	<b>P</b>	<b>P</b>	<b>P</b>
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>
The entity does not consider the Principles material to its business (Yes/No)	NO	NO	NO	NO	NO	NO	NO	NO	NO
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)	YES	YES	YES	YES	YES	YES	YES	YES	YES
The entity does not have the financial or/human and technical resources available for the task (Yes/No)	YES	YES	YES	YES	YES	YES	YES	YES	YES
It is planned to be done in the next financial year (Yes/No)	NO	NO	NO	NO	NO	NO	NO	NO	NO
Any other reason (please specify)									

## SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorized as "Essential" and "Leadership". While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally and ethically responsible.

### PRINCIPLE 1: Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable

#### Essential Indicators

1. Percentage coverage by training and awareness programs on any of the Principles during the financial year:

<b>Segment</b>	<b>Total number of training and awareness programmes held</b>	<b>Topics / principles covered under the training and its impact</b>	<b>% age of persons in respective category covered by the awareness programmes</b>
Board of Directors	0	0	0
Key	0	0	0
Managerial Personnel	0	0	0
Employees other than BoD and KMPs	0	0	0
Workers	0	0	0

2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website): **NIL**

#### Monetary

	<b>NGRBC Principle</b>	<b>Name of the regulatory/ enforcement agencies/ judicial institutions</b>	<b>Amount (In INR)</b>	<b>Brief of the Case</b>	<b>Has an appeal been preferred? (Yes/No)</b>
Penalty/ Fine	NA	NA	NA	NA	NA
Settlement	NA	NA	NA	NA	NA
Compounding fee	NA	NA	NA	NA	NA

Non - Monetary				
	NGRBC Principle	Name of the regulatory/ enforcement agencies/judicial institutions	Brief of the Case	Has an appeal been preferred? (Yes/No)
Imprisonment	NA	NA	NA	NA
Punishment	NA	NA	NA	NA

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed: **NIL**

Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions
NA	NA

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy. **NO**
5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Directors	0	0
KMPs	0	0
Employees	0	0
Workers	0	0

6. Details of complaints with regard to conflict of interest:

	FY 2022-23 (Current Financial Year)		FY 2021-22 (Previous Financial Year)	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	0	0	0	0
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	0	0	0	0

7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.: **NIL**

Leadership Indicators
-----------------------

1. Awareness programmes conducted for value chain partners on any of the Principles during the financial year: **NIL**

Total number of awareness held	Topics / principles covered under the training	% age of value chain programme partners covered (by value of business done with such partners) under the awareness programmes
NA	NA	NA

2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If Yes, provide details of the same. **NO**

**PRINCIPLE 2: Businesses should provide goods and services in a manner that is sustainable and safe.**

**Essential Indicators**

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

	Current Financial Year	Previous Financial Year	Details of improvements in environmental and social impacts
R&D	0	0	0
Capex	0	0	0

2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No) **NO**  
 b. If yes, what percentage of inputs were sourced sustainably?
3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste. **NOT APPLICABLE**
4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same. **NO**

**Leadership Indicators**

1. Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format? **NO**

NIC Code	Name of Product/ Service	% of total Turnover contributed	Boundary for which the Life Cycle Perspective/ Assessment was conducted	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No) If yes, provide the web-link.
NA	NA	NA	NA	NA	NA

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.: **NIL**

Name of Product / Service	Description of the risk / concern	Action Taken
NA	NA	NA

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry): **NIL**

Indicate input material	Recycled or re-used input material to total material	
	FY 2021-22 Previous Financial Year	FY 2022-23 Current Financial Year
NA	NA	NA

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:

	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	Re-Used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
Plastics (including packaging)	0	0	0	0	0	0
E-waste	0	0	0	0	0	0
Hazardous waste	0	0	0	0	0	0
Other waste	0	0	0	0	0	0



5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category: **NIL**

Indicate product category	Reclaimed products and their packaging materials as % of total products sold in respective category
NA	NA

**PRINCIPLE 3: Businesses should respect and promote the well-being of all employees, including those in their value chains**

**Essential Indicators**

1. a. Details of measures for the well-being of employees:

Category	% of employees covered by										
	Total (A)	Health insurance		Accidence insurance		Maternity benefits		Paternity benefits		Day care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
<b>Permanent Employees</b>											
Male	3	4	133.33	3	100	0	0	0	0	0	0
Female	4	4	100	4	100	0	0	0	0	0	0
<b>Total</b>	7	8	114.29	7	100	0	0	0	0	0	0
<b>Other than Permanent Employees</b>											
Male	0	0	0	0	0	0	0	0	0	0	0
Female	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	0	0	0	0	0	0	0	0	0	0	0

- b. Details of measures for the well-being of workers:

Category	% of workers covered by										
	Total (A)	Health insurance		Accidence insurance		Maternity benefits		Paternity benefits		Day care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
<b>Permanent Employees</b>											
Male	0	0	0	0	0	0	0	0	0	0	0
Female	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	0	0	0	0	0	0	0	0	0	0	0
<b>Other than Permanent Employees</b>											
Male	0	0	0	0	0	0	0	0	0	0	0
Female	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	0	0	0	0	0	0	0	0	0	0	0

2. Details of retirement benefits, for Current FY and Previous Financial Year.

Benefits	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
	PF	100	100	YES	100	0
Gratuity	100	100	YES	100	0	YES
ESI	0	0	NA	0	0	NA
Others - please specify	NA	NA	NA	NA	NA	NA

3. **Accessibility of workplaces**

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard. **YES**

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy. **NO**

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent Employees		Permanent Workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	0	0	0	0
Female	0	0	0	0
<b>Total</b>	0	0	0	0

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

	Yes/ No (If Yes, then give details of the mechanism in brief)
Permanent Workers	No
Other than Permanent Workers	No
Permanent Employees	No
Other than Permanent Employees	No

7. Membership of employees and worker in association(s) or Unions recognized by the listed entity:

Category	FY 2022-23 (Current Financial Year)			FY 2021-22 (Previous Financial Year)		
	Total employees/ workers in respective category (A)	No. of employees / Workers in respective category, who are part of association(s) or Union (B)	% (B / A)	Total employees/ workers in respective category (C)	No. of employees/ workworn in respective category, who are part of association(s) or Union (D)	% (D / C)
Total Permanent Employees	7	0	0	6	0	0
- Male	3	0	0	3	0	0
- Female	4	0	0	3	0	0
Total Permanent Workers	0	0	0	0	0	0
- Male	0	0	0	0	0	0
- Female	0	0	0	0	0	0

8. Details of training given to employees and workers:

Category	FY 2022-23 Current Financial Year					FY 2021-22 Previous Financial Year				
	Total (A)	On health safety measures		On skill upgradation		Total (D)	On health safety measures		On skill upgradation	
		Number (B)	% (B/A)	Number (C)	% (C/A)		Number (E)	% (E/D)	Number (F)	% (F/D)
<b>Employees</b>										
Male	3	0	0	0	0	3	0	0	0	0
Female	4	0	0	0	0	3	0	0	0	0
<b>Total</b>	7	0	0	0	0	6	0	0	0	0
<b>Workers</b>										
Male	0	0	0	0	0	0	0	0	0	0
Female	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	0	0	0	0	0	0	0	0	0	0

9. Details of performance and career development reviews of employees and worker:

Category	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	Total (A)	On health safety measures		Total (C)	On health safety measures	
		Number (B)	% (B/A)		Number (D)	% (D/C)
<b>Employees</b>						
Male	3	3	100	3	3	100
Female	4	4	100	3	3	100
<b>Total</b>	<b>7</b>	<b>7</b>	<b>100</b>	<b>6</b>	<b>6</b>	<b>100</b>
<b>Workers</b>						
Male	0	0	0	0	0	0
Female	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

10. Health and safety management system:

- Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage such system? **NO**
- What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity? **NO**
- Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. **NO**
- Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? **NO**

Details of safety related incidents, in the following format:

11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category	FY2022-23 Current Financial Year	FY2021-22 Previous Financial Year
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0	0
	Workers	0	0
Total recordable work-related injuries	Employees	0	0
	Workers	0	0
No. of fatalities	Employees	0	0
	Workers	0	0
High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	0
	Workers	0	0

12. Describe the measures taken by the entity to ensure a safe and healthy work place. **NIL**

13. Number of Complaints on the following made by employees and workers:

	FY2022-23 (Current Financial Year)			FY2021-22 (Previous Financial Year)		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	0	0	No	0	0	No
Health & Safety	0	0	No	0	0	No

14. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	0
Working Conditions	0

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions. **NA**

<b>Leadership Indicators</b>
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- Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees **YES** (B) Workers **NO**
- Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners. **NA**
- Provide the number of employees / workers having suffered high consequence work- related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

	Total no. of affected employees/ workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY2022-23 (Current Financial Year)	FY2021-22 (Previous Financial Year)	FY2022-23 (Current Financial Year)	FY2021-22 (Previous Financial Year)
Employees	0	0	0	0
Workers	0	0	0	0

- Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? **NO**
- Details on assessment of value chain partners

	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	0
Working Conditions	0

- Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners. **NA**

**PRINCIPLE 4: Businesses should respect the interests of and be responsive to all its stakeholders**

<b>Essential Indicators</b>
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- Describe the processes for identifying key stakeholder groups of the entity. **NA**
- List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group. **NA**

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others - please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement

<b>Leadership Indicators</b>
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- Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board. **NA**
- Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity. **NO**
- Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups. **NA**

**PRINCIPLE 5: Businesses should respect and promote human rights**

**Essential Indicators**

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

Category	FY 2022-23 Current Financial Year			FY2021-22 Previous Financial Year		
	Total (A)	No. employees / workers covered (B)	% (B / A)	Total (C)	No. employees/ workers covered (D)	% (D / C)
<b>Employees</b>						
Permanent	7	0	0	6	0	0
Other permanent than	0	0	0	0	0	0
<b>Total Employees</b>	7	0	0	6	0	0
<b>Workers</b>						
Permanent	0	0	0	0	0	0
Other permanent than	0	0	0	0	0	0
<b>Total Workers</b>	0	0	0	0	0	0

2. Details of minimum wages paid to employees and workers, in the following format:

Category	FY 2022-23 Current Financial Year					FY2021-22 Previous Financial Year				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
<b>Employees</b>										
Permanent	7	0	0	7	100	6	0	0	6	100
Male	3	0	0	3	100	3	0	0	3	100
Female	4	0	0	4	100	3	0	0	3	100
Other than Permanent	0	0	0	0	0	0	0	0	0	0
Male	0	0	0	0	0	0	0	0	0	0
Female	0	0	0	0	0	0	0	0	0	0
<b>Workers</b>										
Permanent	0	0	0	0	0	0	0	0	0	0
Male	0	0	0	0	0	0	0	0	0	0
Female	0	0	0	0	0	0	0	0	0	0
Other than Permanent	0	0	0	0	0	0	0	0	0	0
Male	0	0	0	0	0	0	0	0	0	0
Female	0	0	0	0	0	0	0	0	0	0

3. Details of remuneration/salary/wages, in the following format:

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category	Number	Median remuneration/ salary/ wages of respective category
Board of Directors (BoD)	4	15,00,000	1	15,00,000
Key Managerial Personnel	2	2,00,00,000	1	15,00,000
Employees other than BoD and KMP	1	8,00,000	3	9,00,000
Workers	0	0	0	0

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? **NO**
5. Describe the internal mechanisms in place to redress grievances related to human rights issues. **NA**
6. Number of Complaints on the following made by employees and workers:

	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	Current Financial Year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	0	0	0	0	0	NO
Discrimination at workplace Child Labour	0	0	0	0	0	NO
Forced Labour/Involuntary Labour Wages	0	0	0	0	0	NO
Other human Rights related issues	0	0	0	0	0	NO

7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases. **NA**
8. Do human rights requirements form part of your business agreements and contracts? **NO**
9. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	0
Forced/involuntary labour	0
Sexual harassment	0
Discrimination at workplace	0
Wages	0
Others - please specify	0

10. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above. **NA**

<b>Leadership Indicators</b>
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1. Details of a business process being modified / introduced as a result of addressing human rights grievances/complaints. **NA**
2. Details of the scope and coverage of any Human rights due-diligence conducted. **NA**
3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016? **YES**
4. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Sexual Harassment	0
Discrimination at workplace	0
Child Labour	0
Forced Labour/Involuntary Labour	0
Wages	0
Others - please specify	0

5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above. **NA**

**PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment**

**Essential Indicators**

1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Total electricity consumption (A)	36,000	36,000
Total fuel consumption (B)	2,400	3,600
Energy consumption through other sources (C)	0	0
Total energy consumption (A+B+C)	38,400	39,600
Energy intensity per rupee of turnover (Total energy consumption/ turnover in rupees)	0	0
Energy intensity (optional) - the relevant metric may be selected by the entity	0	0

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. **NO**

2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any. **NO**
3. Provide details of the following disclosures related to water, in the following format:

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Water withdrawal by source (in kilolitres)	0	0
(i) Surface water	0	0
(ii) Groundwater	0	0
(iii) Third party water	0	0
(iv) Seawater / desalinated water	0	0
(v) Others	0	0
<b>Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)</b>	0	0
<b>Total volume of water consumption (in kilolitres)</b>	0	0
<b>Water intensity per rupee of turnover</b> (Water consumed / turnover)	0	0
<b>Water intensity (optional)</b> - the relevant metric may be selected by the entity	0	0

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation. **NO**
5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Please specify unit	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
NOx	0	0	0
SOx	0	0	0
Particulate matter (PM)	0	0	0
Persistent organic pollutants (POP)	0	0	0
Volatile organic compounds (VOC)	0	0	0
Hazardous air pollutants (HAP)	0	0	0
Others - please specify	0	0	0

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. **NO**

6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Parameter	Unit	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Total Scope 1 emissions (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	0	0	0
Total Scope 2 emissions (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs,	0	0	0
Total Scope 1 and Scope 2 emissions per rupee of turnover	0	0	0
Total Scope 1 and Scope 2 emission intensity (optional) - the relevant metric may be selected by the entity	0	0	0

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. **NO**

7. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details. **NO**

8. Provide details related to waste management by the entity, in the following format:

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
<b>Total Waste generated (in metric tonnes)</b>		
Plastic waste <b>(A)</b>	0	0
E-waste <b>(B)</b>	0	0
Bio-medical waste <b>(C)</b>	0	0
Construction and demolition waste <b>(D)</b>	0	0
Battery waste <b>(E)</b>	0	0
Radioactive waste <b>(F)</b>	0	0
Other Hazardous waste. Please specify, if any. <b>(G)</b>	0	0
Other Non-hazardous waste generated <b>(H)</b> . Please specify, if any.	0	0
(Break-up by composition i.e. by materials relevant to the sector)	0	0
<b>Total (A+B + C + D + E + F + G + H)</b>	0	0
<b>For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)</b>		
Category of waste	0	0
(i) Recycled	0	0
(ii) Re-used	0	0
(iii) Other recovery operations	0	0
<b>Total</b>	0	0
<b>For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)</b>		
<b>Category of waste</b>	0	0
(i) Incineration	0	0
(ii) Landfilling	0	0
(iii) Other disposal operations	0	0
<b>Total</b>	0	0

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. **NO**



9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes. **NA**
10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format: **NA**

SR. No.	Location of operations/offices	Type of operations	Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any.

11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year: **NA**

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link

12. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format: **NO**

SR. No.	Specify the law / regulation / guidelines which was not complied with	Provide details of the non- compliance	Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken, if any

#### Leadership Indicators

1. Provide breakup of the Total Energy Consumed (in Joules or Multiples) from renewable and non renewable sources, in the following format:

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
<b>From renewable sources</b>		
Total electricity consumption (A)	0	0
Total fuel consumption (B)	0	0
Energy consumption through other sources (C)	0	0
Total energy consumed from renewable sources (A+B+C)	0	0
<b>From non-renewable sources</b>		
Total electricity consumption (D)	0	0
Total fuel consumption (E)	0	0
Energy consumption through other sources (F)	0	0
Total energy consumed from non-renewable sources (D+E+F)	0	0

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. **NO**

2. Provide the following details related to water discharged.

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
<b>Water discharge by destination and level of treatment (in kilolitres)</b>		
(i) To Surface water		
- No treatment	0	0
- With treatment - please specify level of treatment	0	0
(ii) To Groundwater		
- No treatment	0	0
- With treatment - please specify level of treatment	0	0
(iii) To Seawater		
- No treatment	0	0
- With treatment - please specify level of treatment	0	0
(iv) Sent to third-parties		
- No treatment	0	0
- With treatment - please specify level of treatment	0	0
(v) Others		
- No treatment	0	0
- With treatment - please specify level of treatment	0	0
<b>Total water discharged (in kilolitres)</b>	<b>0</b>	<b>0</b>

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. **NO**

3. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres): Not Applicable For each facility / plant located in areas of water stress, provide the following information: **NO**

(i) Name of the area

(ii) Nature of operations

(iii) Water withdrawal, consumption and discharge in the following format:

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
<b>Water withdrawal by source (in kilolitres)</b>	NA	NA
(i) Surface water		
(ii) Groundwater		
(iii) Third party water		
(iv) Seawater / desalinated water		
(v) Others		
<b>Total volume of water withdrawal (in kilolitres)</b>		
<b>Total volume of water consumption (in kilolitres)</b>		
<b>Water intensity per rupee of turnover</b> (Water consumed / turnover)		
<b>Water intensity</b> (optional) - the relevant metric may be selected by the entity		
(i) Into Surface water		
- No treatment		
- With treatment - please specify level of treatment		
(ii) Into Groundwater		
- No treatment		
- With treatment - please specify level of treatment		
(iii) Into Seawater		
- No treatment		
- With treatment - please specify level of treatment		
(iv) Sent to third-parties		
- No treatment		
- With treatment - please specify level of treatment		
(v) Others		
- No treatment		
- With treatment - please specify level of treatment		
<b>Total water discharged (in kilolitres)</b>		

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

4. Please provide details of total Scope 3 emissions & its intensity, in the following format:

Parameter	Unit	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
<b>Total Scope 3 emissions</b> (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	0	0	0
<b>Total Scope 3 emissions per rupee of turnover</b>	0	0	0
<b>Total Scope 3 emission intensity</b> (optional) - the relevant metric may be selected by the entity	0	0	0

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. **NO**

5. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities. **NA**

6. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format: **NA**

Sr. No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative

7. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link. **NO**
8. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard. **NA**
9. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts. **0%**

**PRINCIPLE 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent**

**Essential Indicators**

1. a. Number of affiliations with trade and industry chambers/ associations. **0**
- b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to. **NA**

Sr. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)

2. Provide details of corrective action taken or underway on any issues related to anti- competitive conduct by the entity, based on adverse orders from regulatory authorities. **NA**

Name of authority	Brief of the case	Corrective action taken

**Leadership Indicators**

1. Details of public policy positions advocated by the entity **NA**

Sr. No.	Public policy advocated	Method resorted for such advocacy	Whether information available in public domain? (Yes/No)	Frequency Review by Board (Annually/ Half yearly/ Quarterly/ Others - please specify)	Web Link, if available

**PRINCIPLE 8: Businesses should promote inclusive growth and equitable development**

**Essential Indicators**

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year. **NA**

Name and brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external domain agency (Yes / No)	Results communicated in public link domain	Relevant Web link

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format: **NA**

Sr. No.	Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (In INR)

3. Describe the mechanisms to receive and redress grievances of the community. **NA**

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

	FY 2022-23 (Current Financial Year) %	FY 2021-22 (Previous Financial Year) %
Directly sourced from MSMEs/ small producers	0	0
Sourced directly from within the district and neighbouring districts	0	0

**Leadership Indicators**

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above): **NA**

Details of negative social impact identified	Corrective action taken

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies: **NA**

Sr. No.	State	Aspirational District	Amount spent (In INR)

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No) **NO**

(b) From which marginalized /vulnerable groups do you procure? **NA**

(c) What percentage of total procurement (by value) does it constitute? **0%**

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge: **NA**

Sr. No.	Intellectual Property based on traditional knowledge	Owned/ Acquired (Yes/No)	Benefit shared (Yes / No)	Basis of calculating benefit share

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved. **NA**

Name of authority	Brief of the Case	Corrective action taken

6. Details of beneficiaries of CSR Projects: **NA**

Sr. No.	CSR Project	No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalized groups

**PRINCIPLE 9: Businesses should engage with and provide value to their consumers in a responsible manner**

**Essential Indicators**

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback. **NA**
2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:

	As a percentage to total turnover
Environmental and social parameters relevant to the product	0
Safe and responsible usage Recycling and/or safe disposal	0

3. Number of consumer complaints in respect of the following:

	FY 2022-23 (Current Financial Year)		Remarks	FY 2021-22 (Previous Financial Year)		Remarks
	Received during the year	Pending resolution at end of year		Received during the year	Pending resolution at end of year	
Data privacy	0	0	NA	0	0	NA
Advertising	0	0	NA	0	0	NA
Cyber-security	0	0	NA	0	0	NA
Delivery of essential services	0	0	NA	0	0	NA
Restrictive Trade Practices	0	0	NA	0	0	NA
Unfair Trade Practices	0	0	NA	0	0	NA
Other	0	0	NA	0	0	NA

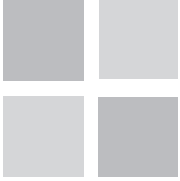
4. Details of instances of product recalls on account of safety issues:

	Number	Reasons for recall
Voluntary recalls	0	NA
Forced recalls	0	NA

5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? **(Yes/No)** If available, provide a web-link of the policy. **NO**
6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services. **NA**

### Leadership Indicators

1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available). **NA**
2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services. **NA**
3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services. **NA**
4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. **NO**  
  
Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No) **NO**
5. Provide the following information relating to data breaches:
  - a. Number of instances of data breaches along-with impact **0**
  - b. Percentage of data breaches involving personally identifiable information of customers **0%**



# MD & CFO CERTIFICATE

Certification by Managing Director  
and Chief Financial Officer of the  
Company for the Financial Year  
2022-2023

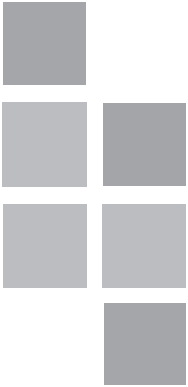
We Mahendra N Shah - Managing Director and Bipin Gemani - Chief Financial Officer of IDFC Limited (“IDFC” or “the Company”), hereby certify to the Board that:

- a) We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
  - i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of my knowledge and belief, no transactions entered into by IDFC during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c) We are responsible for establishing and maintaining internal controls for financial reporting in IDFC and have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting. We have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit committee:
  - i. Significant changes in internal control over financial reporting during the year;
  - ii. Significant changes in accounting policies during the year and the same have been disclosed in the Notes to the financial statements; and
  - iii. Instances of significant fraud of which we have become aware and
  - iv. the involvement therein, if any, of the Management or an employee having a significant role in the Company's internal control system over financial reporting.
- e) We affirm that we have not denied any personnel access to the Audit Committee of the Company (in respect of matters involving alleged misconduct, if any)
- f) We further declare that all Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct for the current year.

**Mahendra N. Shah**  
Managing Director  
Mumbai | May 04, 2023

**Bipin Gemani**  
Chief Financial Officer  
Mumbai | May 04, 2023





# INDEPENDENT SECRETARIAL AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

## TO, THE MEMBERS IDFC LIMITED

We have examined the compliance of conditions of Corporate Governance by IDFC Limited ("the Company") for the year ended March 31, 2023, as stipulated in chapter IV of The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["Listing Regulations"].

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the Financial Statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as specified in chapter IV of the Listing Regulations except in respect of the followings:-

- i. The Company did not have requisite number of directors on its Board during the period from August 16, 2022 to August 23, 2022 and October 01, 2022 to March 31, 2023 as required under Regulation 17(l)(c) of Listing Regulations.

- ii. The Risk Management Committee did not have requisite number of members during the period from August 16, 2022 to August 23, 2022 as required under Regulation 21 of Listing Regulations. Further, the gap between two meetings of Risk Management Committee held on May 6, 2022 and November 11, 2022 exceeded one hundred and eighty days.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **Bhandari & Associates**  
**Company Secretaries**  
Firm Registration No.: P1981MH043700

**Manisha Maheshwari**  
Partner  
ACS No.: 30224  
C P No.: 11031  
Mumbai | May 04, 2023  
UDIN: AO30224E000253150

# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF IDFC LIMITED

### Report on the audit of the Standalone Financial Statements

#### Opinion

1. We have audited the accompanying standalone Ind AS financial statements of IDFC Limited ('the Company'), which comprise the standalone balance sheet as at 31 March 2023, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information ('the Standalone Financial Statements').
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, and its profit and other comprehensive income, changes in equity and its cash flows for the year then ended.

#### Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing ('SAs') specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Act, and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Standalone Financial Statements.

#### Emphasis of Matter

4. We draw attention to note 29(iii) to the Standalone Financial Statements mentioning that the Company is in process of appointing new directors on the Board to comply with Regulation 17(1)(c) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Our opinion on the Standalone Financial Statements is not modified in respect of the above matter.

#### Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Financial Statements of the current year. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the matter was addressed in our audit
<p>Assessment of valuation of investments measured at fair value for which no listed price in an active market is available and valuation is carried out basis market information and significant unobservable inputs. (Refer note 33 to the standalone financial statements.)</p> <p>The Company has investments in Venture Capital Funds ("VCF") units amounting to ₹ 347.82 crores measured at fair value, where no listed price in an active market is available. The corresponding fair value change is recognised in statement of profit and loss in accordance with related Accounting Standard (Ind-AS 109).</p> <p>In measuring the fair value of these investments, the management considers the net asset value ("NAV") declared by the investment managers of the VCF unit. NAV is considered as a significant unobservable input as the Company does not have direct access to the valuations of the underlying portfolio companies in which the VCFs have invested.</p> <p>The management also reviews the performance of the portfolio companies on a regular basis by tracking the latest available financial statements/financial information, valuation report of independent valuers, investor communications and basis the said assessment determines whether any discount is required to be applied on the NAV communicated by the investment managers of VCF. The assessment made by the management also takes into consideration the illiquidity considering the said investments are not actively traded in the market. The assessment prepared by the management is placed before the Board of Directors for their approval at regular intervals. Considering the inherent subjectivity in the valuation of the above investments, relative significance of these investments to the standalone financial statements and the nature and extent of the audit procedures involved, we determined this to be a key audit matter.</p>	<p>The following procedures were performed by us to test the valuation of investments which are measured at fair value for which no listed price in an active market is available:</p> <ol style="list-style-type: none"> <li>a. We obtained an understanding from the management, assessed and tested the design and operating effectiveness of the Company's control over assessment of fair value of investments.</li> <li>b. We verified that requisite approvals are in place with regards to Management's assessment of fair valuation of investments in VCF.</li> <li>c. We traced the inputs used in the calculation from the source data (Statement of Accounts, NAV declared etc.) to verify the arithmetical accuracy of the calculation of valuation of investments.</li> <li>d. We evaluated the adequacy of the disclosures in the standalone financial statements.</li> </ol> <p>Based on our above audit procedures, we consider that the management's assessment of the fair value of the above investments for which no listed price in an active market is available is reasonable.</p>

## INDEPENDENT AUDITOR'S REPORT

### Other Information

6. The Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report but does not include the Standalone Financial Statements and our auditors' report thereon. The Other Information is expected to be made available to us after the date of this auditor's report.
7. Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.
8. In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

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

9. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act, with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian accounting standards ('Ind AS') specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
10. In preparing the Standalone Financial Statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
11. The Board of Directors are also responsible for overseeing the Company's financial reporting process.

### Auditor's responsibilities for the audit of the Standalone Financial Statements

12. Our objectives are to obtain reasonable assurance about whether the Standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Financial Statements.
13. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
  - 13.1. Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - 13.2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to Standalone Financial Statements in place and the operating effectiveness of such controls.
  - 13.3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
  - 13.4. Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
  - 13.5. Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
14. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## INDEPENDENT AUDITOR'S REPORT

15. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
16. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other Matter

17. We draw attention to note 24(iii) of the Standalone Financial Statements which highlights that as part of simplification of corporate structure, the Board of Directors of the Company along with the three Wholly Owned Subsidiaries ("WOS") IDFC Alternatives Limited, IDFC Trustee Company Limited and IDFC Projects Limited, approved the merger of WOS into the Company, subject to receiving regulatory approvals from various authorities. Post Board approval, the Company along with its three WOS has filed scheme of amalgamation with Official Liquidator ("OL") - Chennai and Regional Director / Registrar of Companies ("ROC") - Chennai on 06 December 2021. The ROC, Chennai vide its letter dated 01 February 2022 intimated no observation / suggestions to the aforesaid scheme of amalgamation. Also, the OL of Madras High Court vide its letter dated 24 March 2022 communicated no observation to the aforesaid scheme of amalgamation. The Company filed petition with National Company Law Tribunal ("NCLT") - Chennai on 13 April 2022. NCLT heard the petition on 20 October 2022 and passed the order on 22 November 2022 in favour of the Company. Appointed date of the merger being 01 April 2021, the Company has given effect to the Order and have prepared merged accounts for all the periods appearing in the Standalone Financial Statements. Consequently, the previous year numbers presented in the Standalone Financial Statements has been restated. Our opinion on the Standalone Financial Statements is not modified in respect of the above matter.

### Report on Other Legal and Regulatory Requirements

18. As required by the Companies (Auditor's Report) Order, 2020 ('the Order'), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the 'Annexure A' a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
19. As required by Section 143(3) of the Act, we report that:
  - 19.1. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - 19.2. 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.
  - 19.3. The standalone balance sheet, the standalone statement of profit and loss including other comprehensive income, the statement of changes in equity and the standalone cash flow statement dealt with by this Report are in agreement with the books of account.
  - 19.4. In our opinion, the aforesaid Standalone Financial Statements comply with the Ind AS specified under Section 133 of the Act.
  - 19.5. On the basis of the written representations received from the directors as on 31 March 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164(2) of the Act.
  - 19.6. With respect to the adequacy of the internal financial controls with reference to Standalone Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure B'.
  - 19.7. In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act.
20. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - 20.1. The Company has disclosed the impact of pending litigations as at 31 March 2023 on its financial position in its Standalone Financial Statements - Refer Note 31 to the Standalone Financial Statements.
  - 20.2. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - 20.3. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
  - 20.4. The Management has represented, to best of their knowledge and belief, that no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ('Intermediaries'), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in

## INDEPENDENT AUDITOR'S REPORT

any manner whatsoever by or on behalf of the Company ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- 20.5. The Management has represented, to best of their knowledge and belief, that no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ('Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- 20.6. Based on such audit procedures, that has been considered reasonable and appropriate in the circumstances, performed by us, nothing has come to our notice that has caused us to believe that the representation under para 20.4 and 20.5 contain any material misstatement.
- 20.7. In our opinion and according to the information and explanations given to us, the dividend declared and / or paid during the year by the Company is in compliance with Section 123 of the Act.
- 20.8. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 (as amended), provides for the feature of recording of audit trail (edit log) facility in the accounting software used by the Company for maintenance of books of account, which is applicable to the Company from financial year beginning 1 April 2023. The reporting under clause (g) of Rule 11 of Companies (Audit and Auditors) Rules, 2014 would be done from financial year 2023-2024 onwards.

For **KKC & Associates LLP**

Chartered Accountants

(formerly Khimji Kunverji & Co LLP)

Firm Registration Number: 105146W/W100621

**Devang Doshi**

Partner

ICAI Membership No: 140056

UDIN: 23140056BGZQQU6737

Mumbai, May 04, 2023

## ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

### ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF IDFC LIMITED FOR THE YEAR ENDED 31 MARCH 2023

(Referred to in paragraph 18 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment ('PPE').
- (b) The Company has a regular programme of physical verification of its PPE by which all PPE are verified in a phased manner over a period of 2 years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain PPE were physically verified by the Management during the year. In our opinion, and according to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) The Company does not own any immovable properties. Therefore, the provisions of clause 3(i)(c) of the said Order is not applicable the company.
- (d) In our opinion and according to the information and explanations given to us, the Company has not revalued its PPE (including Right of Use assets) during the year.
- (e) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, no proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- ii. (a) The Company is in the business of rendering services and, consequently, does not hold any inventory. Therefore, the provisions of Clause 3(ii)(a) of the said Order is not applicable to the Company.
- (b) The Company has not been sanctioned any working capital limits in excess of ₹ 5 crores at any point of time during the year, from banks or financial institutions.
- iii. (a) In our opinion and according to the information and explanations given to us, the Company has granted loans or advances in the nature of unsecured loans to parties, and the details are mentioned in the following table:

Particulars	Advances in the nature of loans (₹ in crores)
Aggregate amount granted/ provided during the year	
Subsidiary	100
Balance outstanding as at balance sheet date in respect of above cases	
Subsidiary	-

- (b) In our opinion and according to the information and explanations given to us, the terms and conditions of the grant of all loans and advances in the nature of loans provided are not prejudicial to the Company's interest.
- (c) In our opinion and according to the information and explanations given to us, in respect of loans and advances in the nature of loans, the schedule of repayment of principal and payment of interest has been stipulated and the repayments or receipts are regular during the year.
- (d) No amount is overdue in respect of loans and advances in the nature of loans.
- (e) In our opinion and according to the information and explanations given to us, neither loans or advances in nature of loans have been renewed or extended nor any fresh loans have been granted to settle the overdue of existing loans.
- (f) The Company has not granted any loans or advances in the nature of loans to Promoters/Related Parties (as defined in section 2(76) of the Act) which are either repayable on demand or without specifying any terms or period of repayment.
- iv. The Company has not granted any loans or provided any guarantees or security to the parties covered under Section 185 of the Act. Therefore, the provisions of Section 185 are not applicable to the Company. The Company is registered as a Non - Banking Financial Company - Investment and Credit Company with the Reserve Bank of India. Thus, the provisions of Section 186 except sub-section (1) of the Act is not applicable to the Company. In our opinion and according to the information and explanations given to us, during the year, the Company has not made any investments through more than two layers of the investment companies as mentioned in sub- section (1) of Section 186 of the Act.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits from the public during the year in terms of directives issued by the Reserve Bank of India or the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.
- vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.
- vii. (a) In our opinion and according to the information and explanations given to us, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues have been regularly deposited by the Company with the appropriate authorities.

## ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, Goods and Services Tax, duty of customs, cess and other material statutory dues were in arrears as at 31 March 2023 for a period of more than six months from the date they became payable.

- (b) In our opinion and according to the information and explanations given to us, we confirm that the following dues of income tax have not been deposited to/with the appropriate authority on account of dispute:

Name of the Statute	Nature of the Dues	Amount (in ₹ in crores)	Assessment year to which the amount relates	Forum where dispute is pending
Income Tax	Demand	#	2007-08	Asst. Commissioner of Income tax
Income Tax	Demand	#	2007-08	Asst. Commissioner of Income tax /National faceless Assessment Centre
Income Tax	Demand	0.02	2008-09	Asst. Commissioner of Income tax
Income Tax	Demand	#	2008-09	Asst. Commissioner of Income tax/National faceless Assessment Centre
Income Tax	Demand	0.13	2010-11	Asst. Commissioner of Income tax
Income Tax	Demand	#	2012-13	Asst. Commissioner of Income tax /National Faceless Assessment Centre
Income Tax	Demand	0.03	2012-13	Asst. Commissioner of Income tax
Income Tax	Demand	0.03	2013-14	Asst. Commissioner of Income tax
Income Tax	Demand	#	2014-15	Asst. Commissioner of Income tax /National Faceless Assessment Centre
Income Tax	Demand	0.08	2014-15	Income Tax Officer
Income Tax	Demand	0.39	2015-2016	Commissioner of Income tax (Appeals)/National Faceless Appeal Centre
Income Tax	Demand	184.18	2016-17	Commissioner of Income tax (Appeals)/National Faceless Appeal Centre
Income Tax	Demand	23.26	2017-18	Commissioner of Income tax (Appeals)/National Faceless Appeal Centre
Income Tax	Demand	11.46	2018-19	Commissioner of Income tax (Appeals)/National Faceless Appeal Centre
Income Tax	Demand	3.08	2018-19	Commissioner of Income tax (Appeals)/National Faceless Appeal Centre
Income Tax	Demand	0.81	2019-20	Asst. Commissioner of Income tax/National Faceless Assessment Centre
Income Tax	Demand	4.87	2020-21	Commissioner of Income tax (Appeals)/National Faceless Appeal Centre
Income Tax	Demand	0.71	2020-21	Asst. Commissioner of Income tax /National Faceless Assessment Centre
Income Tax	Demand	0.07	2020-21	Asst. Commissioner of Income tax /National faceless Assessment Centre
Income Tax	Demand	0.08	2022-23	Asst. Commissioner of Income tax/Centralised Processing Centre

Amount less than ₹ one lakh is denoted by #

- viii. In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, we confirm that we have not come across any transactions not recorded in the books of account which have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.
- ix. (a) The Company has not obtained loans or borrowings from Bank/Financial institutions or government and has not issued any debentures during the year. Thus, the provision of Clause 3(ix)(a) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority or any other lender.
- (c) In our opinion and according to the information and explanations given to us, the Company has not raised any term loans during the year. Accordingly, the provisions of Clause 3(ix)(c) of the Order is not applicable to the Company.
- (d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.

## ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

- (e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.
- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised any loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.
- x. (a) The Company did not raise money by way of initial public offer or further public offer (including debt instruments) during the year.  
(b) The Company has not made any preferential allotment / private placement of shares / fully / partly / optionally convertible debentures during the year.
- xi. (a) In our opinion and according to the information and explanations given to us, there has been no fraud by the Company or any fraud on the Company that has been noticed or reported during the year.  
(b) No report under sub-section (12) of section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.  
(c) As represented to us by the Management, there are no whistle blower complaints received by the Company during the year.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. (a) In our opinion and based on our examination, the Company has an internal audit system commensurate with the size and nature of its business.  
(b) We have considered the internal audit reports of the Company issued till date, for the period under audit.
- xv. According to the information and explanations given to us, in our opinion during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company, and hence provisions of section 192 of the Act are not applicable to the Company.
- xvi. (a) The Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and the Company has obtained the required registration.  
(b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without obtaining a valid CoR from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.  
(c) The Company is not a CIC as defined in the regulations made by Reserve Bank of India.  
(d) The Group has no CIC as part of the Group.
- xvii. The Company has not incurred any cash losses in the current financial year. The Company has incurred cash loss of ₹ 2.63 crores (post restatement) in the immediately preceding financial year.
- xviii. There has been no resignation of the statutory auditors during the year and accordingly paragraph 3(xviii) of the Order is not applicable.
- xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx. There are no amount unspent on the Corporate Social Responsibilities activities and hence reporting under the clause 3(xx)(a) and (b) of the Order are not applicable.

### For **KKC & Associates LLP**

Chartered Accountants

(formerly Khimji Kunverji & Co LLP)

Firm Registration Number: 105146W/W100621

### **Devang Doshi**

Partner

ICAI Membership No: 140056

UDIN: 23140056BGZQQU6737

Mumbai, May 04, 2023



## **ANNEXURE B TO INDEPENDENT AUDITORS' REPORT**

### **ANNEXURE "B" TO THE INDEPENDENT AUDITORS' REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF IDFC LIMITED FOR THE YEAR ENDED 31 MARCH 2023**

(Referred to in paragraph 19.6 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

#### **Report on the Internal Financial Controls with reference to the aforesaid Standalone Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act').**

##### **Opinion**

1. We have audited the internal financial controls with reference to the Standalone Financial Statements of IDFC Limited as at 31 March 2023 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.
2. In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to the Standalone Financial Statements and such internal financial controls were operating effectively as at 31 March 2023, based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('the Guidance Note').

##### **Management's responsibility for Internal Financial Controls**

3. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

##### **Auditor's responsibility**

4. Our responsibility is to express an opinion on the Company's internal financial controls with reference to the Standalone Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing ('SA'), prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to the Standalone Financial Statements. Those SAs and the Guidance Note require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to the Standalone Financial Statements were established and maintained and whether such controls operated effectively in all material respects.
5. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to the Standalone Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to the Standalone Financial Statements included obtaining an understanding of internal financial controls with reference to the Standalone Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error.
6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to the Standalone Financial Statements.

##### **Meaning of Internal Financial Controls with reference to the Standalone Financial Statements**

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

## **ANNEXURE B TO INDEPENDENT AUDITORS' REPORT**

### **Inherent Limitations of Internal Financial Controls with reference to the Standalone Financial Statements**

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

For **KKC & Associates LLP**

Chartered Accountants

(formerly Khimji Kunverji & Co LLP)

Firm Registration Number: 105146W/W100621

**Devang Doshi**

Partner

ICAI Membership No: 140056

UDIN: 23140056BGZQQU6737

Mumbai, May 04, 2023

# STANDALONE BALANCE SHEET

AS AT MARCH 31, 2023

	Notes	As at March 31, 2023	As at March 31, 2022
(₹ in crore)			
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash and cash equivalents	3	110.86	71.11
Bank balances other than cash and cash equivalents above	4	1.02	1.45
Receivables			
(i) Other receivables	5	-	2.01
Investments	6	9,376.73	9,329.30
Other financial assets	7	0.26	0.96
<b>Non-financial assets</b>			
Income tax asset (net)	8	74.92	11.27
Property, plant and equipment	9	0.07	0.16
Other non-financial assets	10	2.99	0.19
Assets classified as held for sale	27	3.79	-
<b>Total assets</b>		<b>9,570.64</b>	<b>9,416.45</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>Financial liabilities</b>			
Payables			
(i) Other payables	11		
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		7.31	2.90
Other financial liabilities	12	5.02	3.25
<b>Non-financial Liabilities</b>			
Deferred tax liabilities (net)	13	36.25	18.08
Provisions	14	0.14	-
Other non-financial liabilities	15	3.28	1.16
<b>EQUITY</b>			
Equity share capital	16A	1,599.99	1,596.44
Other equity	16B	7,918.65	7,794.62
<b>Total liabilities and equity</b>		<b>9,570.64</b>	<b>9,416.45</b>

The accompanying notes are integral part of these standalone financial statements.

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

## For KKC & Associates LLP

(formerly Khimji Kunverji & Co LLP)

Chartered Accountants

Firm Registration No. 105146W/ W100621

## Devang Doshi

Partner

Membership Number: 140056

For and on behalf of the Board of Directors of

## IDFC Limited

CIN: L65191TN1997PLC037415

## Anil Singhvi

Non-Executive Chairman

(DIN: 00239589)

## Shivangi Mistry

Company Secretary

(ACS: 52174)

## Mahendra N. Shah

Managing Director

(DIN: 00124629)

## Bipin Gemani

Chief Financial Officer

(PAN: AACPG6412A)

Mumbai, May 04, 2023

# STANDALONE STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2023

	Notes	Year ended March 31, 2023	Year ended March 31, 2022
(₹ in crore)			
<b>REVENUE FROM OPERATIONS</b>			
Interest income	17	0.45	4.70
Dividend		1,930.00	-
Net gain on fair value changes	18	145.14	87.40
Total revenue from operations		2,075.59	92.10
Other income	19	0.41	3.13
<b>Total income</b>		<b>2,076.00</b>	<b>95.23</b>
<b>EXPENSES</b>			
Finance costs	20	0.50	-
Employee benefit expenses	21	6.90	10.14
Impairment on financial instruments	22	0.73	(0.23)
Depreciation, amortisation and impairment	9	0.08	0.10
Others expenses	23	14.42	13.14
<b>Total expenses</b>		<b>22.63</b>	<b>23.15</b>
<b>Profit before tax</b>		<b>2,053.37</b>	<b>72.08</b>
<b>Income tax expense:</b>	25		
- Current tax		5.88	3.32
- Deferred tax charge / (credit)		18.17	17.50
- Tax adjustment on earlier years		0.22	(2.71)
<b>Total tax expense</b>		<b>24.27</b>	<b>18.11</b>
<b>Profit for the year</b>		<b>2,029.10</b>	<b>53.97</b>
<b>Other comprehensive income for the year</b>			
<i>Items that will not be reclassified to profit or loss</i>	26b(ii)		
- Remeasurements of post-employment benefit obligations		(0.13)	(0.12)
- Income tax relating to these items		0.03	0.03
Other comprehensive income / (loss), net of tax		(0.10)	(0.09)
<b>Total comprehensive income for the year</b>		<b>2,029.00</b>	<b>53.88</b>
<b>Earnings per equity share of ₹ 10 each</b>			
- Basic (₹)	30	12.70	0.34
- Diluted (₹)		12.70	0.34

The accompanying notes are integral part of these standalone financial statements.  
This is the standalone statement of profit and loss referred to in our report of even date.

**For KKC & Associates LLP**  
(formerly Khimji Kunverji & Co LLP)  
Chartered Accountants  
Firm Registration No. 105146W/ W100621

**Devang Doshi**  
Partner  
Membership Number: 140056

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

**Anil Singhvi**  
Non-Executive Chairman  
(DIN: 00239589)

**Shivangi Mistry**  
Company Secretary  
(ACS: 52174)

**Mahendra N. Shah**  
Managing Director  
(DIN: 00124629)

**Bipin Gemani**  
Chief Financial Officer  
(PAN: AACPG6412A)

Mumbai, May 04, 2023

## STANDALONE STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2023

A. EQUITY SHARE CAPITAL		(₹ in crore)	
	Notes	Number	Amount
<b>As at March 31, 2021</b>	16A	1,596,358,316	1,596.36
Issued during the year		77,626	0.08
<b>As at March 31, 2022</b>	16A	1,596,435,942	1,596.44
Issued during the year		3,548,494	3.55
<b>As at March 31, 2023</b>		1,599,984,436	1,599.99

B. OTHER EQUITY		(₹ in crore)							
	Notes	Reserves and surplus							
		Securities premium	Special reserve u/s. 36(1)(viii) of the Income-tax Act, 1961	Special reserve u/s. 45-IC of the RBI Act, 1934	Capital Reserve	Share option outstanding account	General Reserve	Surplus in the statement of profit and loss	Total other equity
<b>As at March 31, 2021</b>	16B	2,505.88	2,642.23	997.65	0.67	15.78	656.99	919.81	7,739.01
Profit for the year		-	-	-	-	-	-	53.97	53.97
Other comprehensive income / (loss) for the year		-	-	-	-	-	-	(0.09)	(0.09)
<b>Total comprehensive income for the year</b>		2,505.88	2,642.23	997.65	0.67	15.78	656.99	973.69	7,792.89
Transactions with owners in their capacity as owners:									
- Share based payments:									
i) Employee stock option expense for the year		-	-	-	-	2.01	-	-	2.01
ii) Options granted to the employees of subsidiaries		-	-	-	-	-	-	-	-
iii) Options exercised during the year		0.31	-	-	-	-	-	-	0.31
iv) Vested options lapsed during the year		-	-	-	-	(11.04)	10.45	-	(0.59)
- Dividends paid		-	-	-	-	-	-	-	-
- Dividend distribution tax		-	-	-	-	-	-	-	-
- Transfers to:									
i) Special reserve u/s. 45-IC of the RBI Act, 1934		-	-	4.39	-	-	-	(4.39)	-
<b>As at March 31, 2022</b>	16B	2,506.19	2,642.23	1,002.04	0.67	6.75	667.44	969.30	7,794.62

# STANDALONE STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2023

B. OTHER EQUITY		(₹ in crore)							
	Notes	Reserves and surplus							
		Securities premium	Special reserve u/s. 36(1)(viii) of the Income-tax Act, 1961	Special reserve u/s. 45-IC of the RBI Act, 1934	Capital Reserve	Share option outstanding account	General Reserve	Surplus in the statement of profit and loss	Total other equity
<b>As at March 31, 2022</b>	16B	2,506.19	2,642.23	1,002.04	0.67	6.75	667.44	969.30	7,794.62
Profit for the year		-	-	-	-	-	-	2,029.10	2,029.10
Other comprehensive income / (loss) for the year		-	-	-	-	-	-	(0.10)	(0.10)
<b>Total comprehensive income for the year</b>		2,506.19	2,642.23	1,002.04	0.67	6.75	667.44	2,998.30	9,823.62
Transactions with owners in their capacity as owners:									
- Share based payments:									
i) Employee stock option expense for the year		-	-	-	-	0.24	-	-	0.24
ii) Options granted to the employees of subsidiaries		-	-	-	-	-	-	-	-
iii) Options exercised during the year		15.88	-	-	-	-	-	-	15.88
iv) Vested options lapsed during the year		-	-	-	-	(6.99)	5.53	-	(1.46)
- Dividends paid		-	-	-	-	-	-	(1,919.63)	(1,919.63)
- Transfers to:									
i) Special reserve u/s. 45-IC of the RBI Act, 1934		-	-	405.83	-	-	-	(405.83)	-
<b>As at March 31, 2023</b>	16B	2,522.07	2,642.23	1,407.87	0.67	-	672.97	672.84	7,918.65

The accompanying notes are integral part of these standalone financial statements.

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

**For KKC & Associates LLP**  
(formerly Khimji Kunverji & Co LLP)  
Chartered Accountants  
Firm Registration No. 105146W/ W100621

**Devang Doshi**  
Partner  
Membership Number: 140056

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

**Anil Singhvi**  
Non-Executive Chairman  
(DIN: 00239589)

**Shivangi Mistry**  
Company Secretary  
(ACS: 52174)

**Mahendra N. Shah**  
Managing Director  
(DIN: 00124629)

**Bipin Gemani**  
Chief Financial Officer  
(PAN: AACPG6412A)

Mumbai, May 04, 2023

# STANDALONE STATEMENT OF CASH FLOW

FOR THE YEAR ENDED MARCH 31, 2023

	Notes	Year ended March 31, 2023	Year ended March 31, 2022
(₹ in crore)			
<b>CASH FLOW FROM OPERATING ACTIVITIES :</b>			
<b>Profit before tax</b>		2,053.37	72.08
<b>Adjustments :</b>			
Depreciation, amortisation and impairment	9	0.08	0.10
Net loss on sale of property, plant and equipments	23	0.01	-
Impairment of financial instruments	22	0.73	(0.23)
Interest income	17	(0.45)	(4.70)
Interest expense	20	0.50	-
Gain on sale of investments (net)	18	(77.84)	(12.81)
Employee share based payment expense	21	(2.10)	1.54
Change in fair value of financials assets	18	(67.30)	(74.58)
Interest received	17	0.45	6.25
Provisions for employee benefits	26b(ii)	(0.10)	(0.09)
<b>Operating (loss) / profit before working capital changes</b>		1,907.35	(12.44)
<b>Adjustments for (increase)/ decrease in operating assets:</b>			
Trade receivables	5	2.01	(2.01)
Other assets	7 & 10	(2.82)	2.31
Bank balances other than cash and cash equivalents	4	0.43	0.41
<b>Adjustments for increase/ (decrease) in operating liabilities</b>			
Other payables	11	4.41	1.10
Other liabilities	12,14 & 15	4.03	(0.59)
Cash generated from operations		8.06	1.22
Less : Income taxes paid (net of refunds)		(69.77)	(4.93)
<b>Net cash inflow / (outflow) from operating activities</b>		1,845.64	(16.15)
<b>CASH FLOW FROM INVESTING ACTIVITIES :</b>			
Payments for purchase of investment		(2,223.07)	(276.22)
Payments for property, plant and equipments		(0.06)	(0.04)
Proceeds from disposal of property, plant and equipments		0.05	-
Proceeds from sale of investments		2,317.89	260.23
<b>Net cash inflow / (outflow) from investing activities</b>		94.81	(16.03)
<b>CASH FLOW FROM FINANCING ACTIVITIES :</b>			
Inter corporate deposits taken		75.80	85.00
inter corporate deposits repaid (including interest)		(76.30)	(10.00)
Increase in Equity Share Capital	16A & 16B	19.43	0.39
Dividend paid to shareholders	16B	(1,919.63)	-
<b>Net cash inflow / (outflow) from financing activities</b>		(1,900.70)	75.39
<b>NET INCREASE IN CASH AND BANK BALANCES</b>		39.75	43.21
Add : Cash and cash equivalents at beginning of the year		71.11	27.90
<b>Cash and cash equivalents at end of the year</b>	3	110.86	71.11

The above standalone statement of cash flow has been prepared under the indirect method set out in IND AS 7-Statement of Cash Flow. The accompanying notes are integral part of these standalone financial statements. This is the statement of cash flow referred to in our report of even date.

**For KKC & Associates LLP**  
(formerly Khimji Kunverji & Co LLP)  
Chartered Accountants  
Firm Registration No. 105146W/ W100621

**Devang Doshi**  
Partner  
Membership Number: 140056

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

**Anil Singhvi**  
Non-Executive Chairman  
(DIN: 00239589)

**Shivangi Mistry**  
Company Secretary  
(ACS: 52174)

**Mahendra N. Shah**  
Managing Director  
(DIN: 00124629)

**Bipin Gemani**  
Chief Financial Officer  
(PAN: AACPG6412A)

Mumbai, May 04, 2023

**NOTE 1: SIGNIFICANT ACCOUNTING POLICIES****1A. BACKGROUND**

IDFC Limited ('the Company') having CIN "L65191TN1997PLC037415" is a public limited company incorporated in India under the provisions of Companies Act, 2013 applicable in India and is a Non-Banking Finance Company (NBFC) regulated by the Reserve Bank of India ('RBI'). The Company is listed on both the stock exchange (BSE Limited and National Stock exchange of India Limited). The registered office of the Company is located at 4<sup>th</sup> Floor, Capitale Tower, 555 Anna Salai, Thiru Vi Ka Kudiyiruppu, Teynampet Chennai - 600 018, Tamil Nadu and the corporate office is located at 906/907, 9<sup>th</sup> Floor, Embassy Centre, Jamnalal Bajaj Road, Nariman Point, Mumbai - 400 021.

The Company had received in principle approval from the RBI to set up a new private sector bank in April 2014. Since October 1, 2015 the Company is operating as NBFC - Investment (NBFC - I).

These standalone financial statements were authorized for issue in accordance with a resolution of the Board of Directors on May 04, 2023.

The Company along with its three wholly owned subsidiaries viz. IDFC Projects Limited, IDFC Trustee Company Limited and IDFC Alternatives Limited had filed scheme of amalgamation with Official Liquidator ('OL') - Chennai on December 06, 2021 and to Regional Director ('RD') /Registrar of Companies ('ROC') - Chennai through GNL-1 form on December 06, 2021 seeking their objections / suggestions to the said scheme under Section 233 (1) (a) of the Companies Act, 2013 and rules made thereunder. Physical copies of the same have also been filed with the ROC on December 08, 2021. Appointed date for the merger in the scheme is April 1, 2021.

The ROC, Chennai vide its letter dated February 01, 2022 intimated it's no observations/suggestions to the aforesaid scheme of amalgamation. Also, the OL of Madras High Court vide its letter dated March 24, 2022, communicated it's no observations to the aforesaid scheme of amalgamation.

The Company filed petition with National Company Law Tribunal (NCLT) - Chennai on April 13, 2022. NCLT heard the petition on October 20, 2022 and passed the order on November 22, 2022 in favor of the Company. The order is effective from December 09, 2022.

Consequently, previous period presented in the statement have been restated.

**1B. NEW AND AMENDED STANDARDS ADOPTED**

The Company has applied the following amendments to Ind AS for the first time for their annual reporting period commencing April 01, 2022:

- Indian Accounting Standard (Ind AS) 101
- Indian Accounting Standard (Ind AS) 103
- Indian Accounting Standard (Ind AS) 109
- Indian Accounting Standard (Ind AS) 16
- Indian Accounting Standard (Ind AS) 37
- Indian Accounting Standard (Ind AS) 41

**1C. Standards issued but not yet effective upto the date of issuance of the financial statements:**

Ministry of Corporate affairs have made changes on March 31, 2023, in the following Indian Accounting Standards (Ind AS) amended namely:

- Indian Accounting Standard (Ind AS) 101
- Indian Accounting Standard (Ind AS) 102
- Indian Accounting Standard (Ind AS) 103
- Indian Accounting Standard (Ind AS) 107
- Indian Accounting Standard (Ind AS) 109
- Indian Accounting Standard (Ind AS) 115
- Indian Accounting Standard (Ind AS) 1
- Indian Accounting Standard (Ind AS) 8
- Indian Accounting Standard (Ind AS) 12
- Indian Accounting Standard (Ind AS) 34

These amendments shall be applicable from annual reporting periods beginning on or after April 01, 2023.



**2. BASIS OF PREPARATION***(i) Compliance with Ind AS*

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

*(ii) Historical cost convention*

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities and contingent consideration is measured at fair value;
- assets held for sale – measured at fair value less cost to sell;
- defined benefit plans – plan assets measured at fair value; and
- share-based payments – measured at fair value.

*(iii) Presentation of financial statements*

The Company presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in note 35.

Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

- The normal course of business
- The event of default
- The event of insolvency or bankruptcy of the Company and/or its counterparties

**3. INVESTMENT IN SUBSIDIARY AND ASSOCIATES**

Investment in subsidiaries and associates are measured at cost less accumulated impairment. See note 14 (iii) below for the accounting policy for Impairment of Non-financial assets.

**4. REVENUE RECOGNITION**

Revenue (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration received or receivable.

*(i) Interest income*

The Company calculates interest income by applying the Effective Interest Rate ('EIR') to the gross carrying amount of financial assets other than credit-impaired assets.

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

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

*(ii) Dividend income*

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

**5. INCOME TAX**

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

*i. Current Tax*

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

ii. *Deferred Tax*

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

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

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

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

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

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

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

**6. GOODS AND SERVICE TAX**

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

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

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

**7. LEASES**

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

(i) *Company as a lessee*

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

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

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

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

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

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

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

(ii) *Company as a lessor*

Lease income from operating leases where the company is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature.

## 8. FINANCIAL INSTRUMENT

### ***Initial Recognition and Measurement***

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

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

### ***Financial assets***

(i) **Classification and subsequent measurement of financial assets**

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

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

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

#### Debt Instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective such as venture capital fund units.

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

- the Company's business model for managing the asset; and
- the cash flow characteristics of the asset.

#### Business Model Assessment-

The business model reflects how the Company manages the assets in order to generate cash flows. The business model determines whether the Company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable or when performance of portfolio of financial assets managed is evaluated on a fair value basis, then the financial assets are classified as part of 'other' business model and measured at FVTPL. Factors considered by the company in assessing the business model test include-

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

#### Solely payment of principal and Interest Assessment (SPPI)

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments cash flows represent solely payments of principal and interest (the 'SPPI test').

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

**Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost is recognised in profit or loss when the asset is derecognised or impaired.

**Fair value through other comprehensive income:** Debt instruments that meet the following conditions are subsequently measured at FVOCI:

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

Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss.

**Fair value through profit or loss:** Assets that do not meet the criteria for amortised cost or FVOCI, are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented in the statement of profit and loss within other gains/ (losses) in the period in which it arises. Company's investment in venture capital fund units are classified as financial assets measured at FVTPL.

Equity Instruments

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

Changes in fair value of equity investments at FVTPL are recognised in the statement of profit and loss, except where the Company's management has elected, at initial recognition, to irrevocably designate an equity investment at FVOCI.

Where the management has elected to present gains and losses on equity instruments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to statement of profit and loss. Dividends from such investments are recognised in statement of profit and loss.

Currently, Company's investment in equity instruments has been classified as financial assets measured at FVTPL.

**9. FINANCIAL ASSETS AND LIABILITIES**

(i) *Bank balance, Loans, Trade receivables and financial investment at amortised cost.*

The Company measures Bank balances, Loans, Trade receivables and other financial investments at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

(ii) *Financial assets held for trading*

The Company classifies financial assets as held for trading when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is an evidence of a recent pattern of short-term profit-taking. Held-for-trading assets and liabilities are recorded and measured in the balance sheet at fair value. Changes in fair value are recognised in net gain on fair value changes. Interest and dividend income or expense is recorded in net gain on fair value changes according to the terms of the contract, or when the right to payment has been established. Included in this classification investments in mutual fund units, debt securities and equities that have been acquired principally for the purpose of selling or repurchasing in the near term.

(iii) *Equity instruments at FVOCI*

The Company subsequently measures all equity investments at fair value through profit or loss, unless the Company's management has elected to classify irrevocably some of its equity investments as equity instruments at FVOCI, when such instruments meet the definition of definition of Equity under Ind AS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit or loss. Dividends are recognised in profit or loss as dividend income when the right of the payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

(iv) *Debt instruments and other borrowed funds*

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EIR. A compound financial instrument which contains both a liability and an equity component is separated at the issue date.

**10. RECLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES**

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

**11. DERECOGNITION OF FINANCIAL ASSETS**Financial Assets

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

- the Company transfers substantially all the risks and rewards of ownership, or
- the Company neither transfers nor retains substantially all the risks and rewards of ownership and the Company has not retained control.

**12. DERECOGNITION OF FINANCIAL LIABILITIES**Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

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

**13. IMPAIRMENT OF FINANCIAL ASSET***(i) Overview of the ECL principles*

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 34 details how the Company determines whether there has been a significant increase in credit risk.

The ECL allowance is based on the credit losses expected to arise over the life of the asset, unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12m ECL). The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. This is further explained in Note 34.

At each reporting date, the Company assesses whether the above financial assets are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. The Company's ECL calculations are outputs of statistical models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies such as macroeconomic scenarios.

The Company assesses on a forward-looking basis the ECL associated with its financial instrument. The Company recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money, and

Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

*(ii) Trade receivables and contract assets*

For trade receivables only, the Company applies the simplified approach required by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company uses a provision matrix to determine impairment loss allowance on its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated for changes in the forward-looking estimates.

Trade receivable are initially recognised at transaction price.

**14. IMPAIRMENT OF NON-FINANCIAL ASSET**

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

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

(ii) Impairment of investment in subsidiary and Associates

The Company is required to assess on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. As per IND AS 36 investments are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. In assessing whether there is any impairment management considers indications through external and internal sources of information.

**15. DETERMINATION OF FAIR VALUE**

The Company measures certain financial instruments at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

Level 1 includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The mutual funds are valued using the closing NAV.

Level 2 financial instruments the fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3 - If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The Company evaluates the levelling at each reporting period on an instrument-by-instrument basis and reclassifies instruments when necessary based on the facts at the end of the reporting period. This is further explained in Note 33.

**16. CASH AND CASH EQUIVALENTS**

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

**17. STATEMENT OF CASH FLOWS**

Statement of Cash Flows is prepared segregating the cash flows into operating, investing and financing activities. Cash flow from operating activities is reported using indirect method adjusting the net profit for the effects of:

- i. changes during the period in inventories and operating receivables and payables transactions of a non-cash nature;
- ii. non-cash items such as depreciation, provisions, deferred taxes, unrealised foreign currency gains and losses, and undistributed profits of associates and joint ventures; and
- iii. all other items for which the cash effects are investing or financing cash flows.

Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as on the date of Balance Sheet.

**18. PROPERTY, PLANT AND EQUIPMENT**

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

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

(i) *Depreciation methods, estimated useful lives and residual value*

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

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

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

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

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

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in statement of profit or loss within other gains/ (losses).

**19. EMPLOYEE BENEFITS***(i) Defined contribution plan*

The Company pays provident fund contributions to publicly administered provident funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due.

*(ii) Defined benefit plan*

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

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The estimated future payments which are denominated in a currency other than INR, are discounted using market yields determined by reference to high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

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

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

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

*(iii) Compensated absences*

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

**20. PROVISIONS**

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

**21. SEGMENT REPORTING**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Company's primary business segments are reflected based on the principal business carried out, i.e. investing. The risk and returns of the business of the Company is not associated with geographical segmentation, hence there is no secondary segment.

**22. FOREIGN CURRENCY TRANSLATION***(i) Functional and presentation currency*

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

*(ii) Transactions and balances*

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

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

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

**23. SHARE-BASED PAYMENTS**

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

The fair value of options granted under the ESOS is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (e.g., the entity's share price)
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or holdings shares for a specific period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

**24. EARNINGS PER SHARE**

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

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

**25. ROUNDING OFF**

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

**26. CONTRIBUTED EQUITY**

Equity shares are classified as equity.

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

**27. DIVIDENDS**

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

**Note 2: Significant accounting judgments, estimates and assumptions**

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

*Judgements*

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



**1. Fair value of financial instruments**

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility. For further details about determination of fair value please see Note 33.

**2. Provision and other contingent liabilities**

The Company operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration and regulatory investigations and proceedings in the ordinary course of the Company's business.

When the Company can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Company records a provision against the case. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Company considers a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

Commitments are future liabilities for contractual expenditure, classified and disclosed as follows:

- i. estimated amount of contracts remaining to be executed on capital account and not provided for;
- ii. uncalled liability on shares and other investments partly paid;
- iii. other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

## NOTES TO STANDALONE FINANCIAL STATEMENT

FOR THE YEAR ENDED MARCH 31, 2023

### 3. CASH AND CASH EQUIVALENTS

(₹ in crore)

	As at March 31, 2023	As at March 31, 2022
Cash on hand	β	β
Balances with banks:		
In current accounts	2.86	61.11
In deposit accounts	108.00	10.00
<b>Total</b>	<b>110.86</b>	<b>71.11</b>

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

### 4. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS ABOVE

(₹ in crore)

	As at March 31, 2023	As at March 31, 2022
Balances with banks:		
In earmarked accounts		
- unclaimed dividend	1.02	1.45
<b>Total</b>	<b>1.02</b>	<b>1.45</b>

### 5. OTHER RECEIVABLES

(₹ in crore)

	As at March 31, 2023	As at March 31, 2022
Receivables considered good - Secured	-	2.01
Receivables considered good - Unsecured	-	-
Receivables - Credit impaired	-	-
(Less): Impairment loss allowance	-	-
<b>Total</b>	<b>-</b>	<b>2.01</b>

### 6. INVESTMENTS

(₹ in crore)

	At amortised Cost	At fair value through profit and loss	Others*	Total
<b>As at March 31, 2023</b>				
Subsidiaries [see note (a) below]	-	-	9,028.91	9,028.91
Associates [see note (b) below]	-	-	132.19	132.19
Venture capital fund units @	-	347.82	-	347.82
<b>Total (A) - Gross</b>	<b>-</b>	<b>347.82</b>	<b>9,161.10</b>	<b>9,508.92</b>
(Less): Impairment loss allowance [see note {c(i)} below]	-	-	(132.19)	(132.19)
<b>Total (A) - Net</b>	<b>-</b>	<b>347.82</b>	<b>9,028.91</b>	<b>9,376.73</b>
Investments outside India	-	-	-	-
Investments in India	-	347.82	9,161.10	9,508.92
<b>Total (B) - Gross</b>	<b>-</b>	<b>347.82</b>	<b>9,161.10</b>	<b>9,508.92</b>
(Less): Impairment loss allowance [see note {c(i)} below]	-	-	(132.19)	(132.19)
<b>Total (B) - Net</b>	<b>-</b>	<b>347.82</b>	<b>9,028.91</b>	<b>9,376.73</b>

## NOTES TO STANDALONE FINANCIAL STATEMENT

FOR THE YEAR ENDED MARCH 31, 2023

	(₹ in crore)			
	At amortised Cost	At fair value through profit and loss	Others*	Total
<b>As at March 31, 2022</b>				
Subsidiaries [see note (a) below]	-	-	9,041.04	9,041.04
Associates [see note (b) below]	-	-	167.81	167.81
Venture capital fund units @	-	301.26	-	301.26
Total (A) - Gross	-	301.26	9,208.85	9,510.11
(Less): Impairment loss allowance [see note (c) below]	-	-	(180.81)	(180.81)
<b>Total (A) - Net</b>	-	301.26	9,028.04	9,329.30
Investments outside India	-	-	-	-
Investments in India	-	301.26	9,208.85	9,510.11
Total (B) - Gross	-	301.26	9,208.85	9,510.11
(Less): Impairment loss allowance [see note (c) below]	-	-	(180.81)	(180.81)
<b>Total (B) - Net</b>	-	301.26	9,028.04	9,329.30

\* Investment in subsidiaries and associates are measured at cost in accordance with Ind AS 27.

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

- a) IDFC Foundation a wholly owned subsidiary of IDFC Limited, being a Section 8 company prohibits payment of dividend and/or repatriation of capital to its members. In continuation of corporate structure simplification, Board of Directors at their meeting held on October 27, 2022 have approved and donated its entire equity held in IDFC Foundation along with underlying investments in joint venture entities (Delhi Integrated Multi Modal Transit Systems Limited and Infrastructure Development Corporation (Karnataka) Limited) to Upajeevan Sangathan Foundation (a not for profit organisation formed under Section 8 of Companies Act, 2013). Accordingly, IDFC Foundation has ceased to be a subsidiary of the Company.
- b) The Company has diluted 13.85% stake in Novopay Solutions Private Limited ('NSPL') (erstwhile associate of the company) for ₹ 8.72 crore on August 31, 2022 and 4.16 % stake for ₹ 2.49 crore on March 31, 2023. After the dilution, NSPL is no longer an associate of the Company.
- c) Impairment loss allowance
- (i) The Company holds 26% stake in Jetpur Somnath Tollways Limited ("JSTPL"). JSTPL, an associate of the Company has terminated its operations since November, 2016 due to certain disputes with National Highway Authority of India ("NHAI") and surrendered the same to NHAI. The dispute was referred to arbitration panel by JSTPL along with its lender on NHAI, verdict of which has come in favour of JSTPL. NHAI filed petition under section 34 of the Arbitration and Conciliation Act with Hon'ble High Court. Moreover, net- worth of JSTPL has eroded substantially as on March 31, 2023. In view of entire net-worth being eroded, on prudent basis, the Company continues with the provision created against investment in JSTPL.
- (ii) The Company had made provision of ₹ 35.62 crore on Novopay (associate of the Company in preceding year). Performance of Novopay had lead to substantial erosion of its net worth. Accordingly, investment was completely impaired.
- (iii) IDFC Foundation, wholly owned subsidiary of the Company was a section 8 company under Companies Act, 2013. Upon winding up or dissolution of IDFC Foundation, if there remains, after satisfaction of all debts and liabilities, any surplus whatsoever, the same would have not been distributed to IDFC Limited but would have been transferred to such other company having objects similar to the objects of IDFC Foundation. Accordingly, in the preceding years, the entire investment of ₹ 13 crores in IDFC Foundation was full provided for by the Company.

More information regarding the valuation methodologies are disclosed in Note 33.

## NOTES TO STANDALONE FINANCIAL STATEMENT

FOR THE YEAR ENDED MARCH 31, 2023

7. OTHER FINANCIAL ASSETS	(₹ in crore)	
	As at March 31, 2023	As at March 31, 2022
Security deposits	0.25	0.30
Other advances	0.63	0.63
Interest accrued on advances	0.33	0.27
Interest accrued on fixed deposit	0.01	-
Impairment provision on advance given	(0.96)	(0.24)
<b>Total</b>	<b>0.26</b>	<b>0.96</b>

8. INCOME TAX ASSETS (NET)	(₹ in crore)	
	As at March 31, 2023	As at March 31, 2022
Income tax paid in advance	74.92	11.27
[net of provision for tax for ₹ 82.78 crores (March 31, 2022: ₹ 77.11 crores )		
<b>Total</b>	<b>74.92</b>	<b>11.27</b>

9. PROPERTY, PLANT AND EQUIPMENT	(₹ in crore)			
	Vehicles	Office Equipments	Computers	Total
<b>Year ended March 31, 2023</b>				
<b>Gross carrying amount</b>				
Opening gross carrying amount	0.52	0.15	0.12	0.79
Additions	-	β	0.05	0.05
Disposals and transfers	(0.52)	β	-	(0.52)
<b>Closing gross carrying amount</b>	<b>-</b>	<b>0.15</b>	<b>0.17</b>	<b>0.32</b>
<b>Accumulated depreciation</b>				
Opening accumulated depreciation	0.40	0.14	0.09	0.63
Depreciation charge during the year	0.06	β	0.02	0.08
Disposals and transfers	(0.46)	-	-	(0.46)
<b>Closing accumulated depreciation</b>	<b>-</b>	<b>0.14</b>	<b>0.11</b>	<b>0.25</b>
<b>Net carrying amount as at March 31, 2023</b>	<b>-</b>	<b>0.01</b>	<b>0.06</b>	<b>0.07</b>
<b>Year ended March 31, 2022</b>				
<b>Gross carrying amount</b>				
Opening gross carrying amount	0.52	0.15	0.09	0.76
Additions	-	β	0.04	0.04
Disposals and transfers	-	β	(0.01)	(0.01)
<b>Closing gross carrying amount</b>	<b>0.52</b>	<b>0.15</b>	<b>0.12</b>	<b>0.79</b>
<b>Accumulated depreciation</b>				
Opening accumulated depreciation	0.32	0.14	0.07	0.53
Depreciation charge during the year	0.08	β	0.02	0.10
Disposals and transfers	-	β	β	-
<b>Closing accumulated depreciation</b>	<b>0.40</b>	<b>0.14</b>	<b>0.09</b>	<b>0.63</b>
<b>Net carrying amount as at March 31, 2022</b>	<b>0.12</b>	<b>0.01</b>	<b>0.03</b>	<b>0.16</b>

## NOTES TO STANDALONE FINANCIAL STATEMENT

FOR THE YEAR ENDED MARCH 31, 2023

### 10. OTHER NON-FINANCIAL ASSETS

(₹ in crore)

	As at March 31, 2023	As at March 31, 2022
Prepaid expenses	0.19	0.18
Balances with government authorities - cenvat/GST credit available	1.96	1.96
Receivable from gratuity fund [refer note 26]	-	β
Others	2.80	0.01
Less: Provisions	(1.96)	(1.96)
<b>Total</b>	<b>2.99</b>	<b>0.19</b>

### 11. OTHER PAYABLES

(₹ in crore)

	As at March 31, 2023	As at March 31, 2022
- Total outstanding dues of micro enterprises and small enterprises	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises *	7.31	2.90
<b>Total</b>	<b>7.31</b>	<b>2.90</b>

\* Represents undisputed unbilled dues.

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

(₹ in crore)

	As at March 31, 2023	As at March 31, 2022
Outstanding principal amount and interest due to suppliers registered under MSMED Act and remaining unpaid at the year end:		
- Principal amount	-	-
- Interest due thereon	-	-
Interest paid other than under section 16 of MSMED Act, to suppliers registered under MSMED Act, beyond the appointed day during the period.	-	-
Interest paid under section 16 of MSMED Act, to suppliers registered under MSMED Act, beyond the appointed day during the period.	-	-
Amount of interest due and payable (where the principal has already been paid but interest has not been paid).	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
The amount of further interest remaining due and payable even in succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of MSMED Act.	-	-

### 12. OTHER FINANCIAL LIABILITIES

(₹ in crore)

	As at March 31, 2023	As at March 31, 2022
Unclaimed dividend *	1.02	1.45
Employee benefits payable	4.00	1.80
<b>Total</b>	<b>5.02</b>	<b>3.25</b>

\* Amount required to be transferred has been transferred to Investor Education Protection Fund account as required under section 125 of the Companies Act, 2013

## NOTES TO STANDALONE FINANCIAL STATEMENT

FOR THE YEAR ENDED MARCH 31, 2023

### 13. DEFERRED TAX LIABILITIES (NET)

(₹ in crore)

	As at March 31, 2023	As at March 31, 2022
Fair value adjustments		
- Venture capital fund units	36.25	18.08
<b>Total</b>	<b>36.25</b>	<b>18.08</b>

#### a) Movement in deferred tax liabilities

The balance comprises temporary differences attributable to the below items and corresponding movement in deferred tax liabilities:

(₹ in crore)

Particulars	As at March 31, 2022	Charged/ (credited) to profit and loss	Charged/ (credited) to OCI	As at March 31, 2023
Deferred tax liability :				
Fair valuation gain/(loss) on financial instruments	18.08	18.17	-	36.25
<b>Total</b>	<b>18.08</b>	<b>18.17</b>	<b>-</b>	<b>36.25</b>

### 14. PROVISIONS

(₹ in crore)

	As at March 31, 2023	As at March 31, 2022
Provision for gratuity [refer note 26]	0.14	-
<b>Total</b>	<b>0.14</b>	<b>-</b>

### 15. OTHER NON-FINANCIAL LIABILITIES

(₹ in crore)

	As at March 31, 2023	As at March 31, 2022
Statutory dues	0.48	1.16
Other payables	2.80	-
<b>Total</b>	<b>3.28</b>	<b>1.16</b>

### 16A. EQUITY SHARE CAPITAL

(₹ in crore)

	As at March 31, 2023		As at March 31, 2022	
	Number	₹ In crore	Number	₹ In crore
<b>Authorised shares</b>				
Equity shares of ₹ 10 each*	4,367,100,000	4,367.10	4,367,100,000	4,367.10
Preference shares of ₹ 100 each	100,000,000	1,000.00	100,000,000	1,000.00
<b>Issued, subscribed &amp; fully paid-up shares</b>				
Equity shares of ₹ 10 each	1,599,984,436	1,599.99	1,596,435,942	1,596.44
<b>Total</b>	<b>1,599,984,436</b>	<b>1,599.99</b>	<b>1,596,435,942</b>	<b>1,596.44</b>

\*Upon the scheme of amalgamation coming into effect, authorised equity shares of the IDFC Alternatives Limited, IDFC Trustee Company Limited and IDFC Projects Limited is now merged with the authorised share capital of IDFC Limited effective December 09, 2022.

#### a) Movements in equity share capital

	As at March 31, 2023		As at March 31, 2022	
	Number	₹ In crore	Number	₹ In crore
Outstanding at the beginning of the year	1,596,435,942	1,596.44	1,596,358,316	1,596.36
Shares issued during the year [refer note (c)]	3,548,494	3.55	77,626	0.08
Outstanding at the end of the year	<b>1,599,984,436</b>	<b>1,599.99</b>	<b>1,596,435,942</b>	<b>1,596.44</b>

## NOTES TO STANDALONE FINANCIAL STATEMENT

FOR THE YEAR ENDED MARCH 31, 2023

### b) Terms and rights attached to equity shares

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

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amounts exists currently. The distribution will be in proportion to the number of equity shares held by the shareholders. The dividend proposed by the board of directors is subject to the approval of shareholders at the ensuing annual general meeting, except in case of interim dividend.

### c) Shares reserved for issue under options

During the year ended March 31, 2023 the Company issued 3,548,494 equity shares (previous year 77,626 equity shares) of face value of ₹ 10 each pursuant to exercise of stock option by employees under the employee stock option scheme. Information relating to the IDFC Limited Employee Stock Option Scheme (ESOS), including details regarding options issued, exercised and lapsed during the year and options outstanding at the end of the reporting period is set out in note 36.

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

Equity shareholders	As at March 31, 2023		As at March 31, 2022	
	Number	% holding	Number	% holding
President of India	261,400,000	16.34	261,400,000	16.37

### 16B. OTHER EQUITY

(₹ in crore)

	As at March 31, 2023	As at March 31, 2022
Surplus in the statement of profit and loss	672.84	969.30
Securities premium	2,522.07	2,506.19
General reserve	672.97	667.44
Capital Reserve	0.67	0.67
Special reserve u/s. 36(1)(viii) of the Income-tax Act, 1961	2,642.23	2,642.23
Special reserve u/s. 45-IC of the RBI Act, 1934	1,407.87	1,002.04
Share options outstanding account	-	6.75
<b>Total</b>	<b>7,918.65</b>	<b>7,794.62</b>

### a) Surplus in the statement of profit and loss

(₹ in crore)

	Year ended March 31, 2023	Year ended March 31, 2022
Opening balance	969.30	919.81
Net profit for the year	2,029.10	53.97
Items of other comprehensive income recognised directly in retained earnings		
- Remeasurements of post-employment benefit obligation, net of tax	(0.10)	(0.09)
Dividends paid	(1,919.63)	-
Transfer to special reserve u/s. 45-IC of RBI Act, 1934	(405.83)	(4.39)
<b>Closing balance</b>	<b>672.84</b>	<b>969.30</b>

## NOTES TO STANDALONE FINANCIAL STATEMENT

FOR THE YEAR ENDED MARCH 31, 2023

	(₹ in crore)	
	Year ended March 31, 2023	Year ended March 31, 2022
<b>b) Securities premium</b>		
Opening balance	2,506.19	2,505.88
Options exercised during the year	15.88	0.31
Closing balance	2,522.07	2,506.19
<b>c) General reserve</b>		
Opening balance	667.44	656.99
Appropriations during the year	5.53	10.45
Closing balance	672.97	667.44
<b>d) Capital Reserve</b>		
Opening balance	0.67	0.67
Appropriations during the year	-	-
Closing balance	0.67	0.67
<b>e) Special reserve u/s. 36(1)(viii) of the Income-tax Act, 1961</b>		
Opening balance	2,642.23	2,642.23
Appropriations during the year	-	-
Closing balance	2,642.23	2,642.23
<b>f) Special reserves u/s. 45-IC of RBI Act, 1934</b>		
Opening balance	1,002.04	997.65
Appropriations during the year	405.83	4.39
Closing balance	1,407.87	1,002.04
<b>g) Share options outstanding account</b>		
Opening balance	6.75	15.78
Employee stock option expense	0.24	2.01
Vested options lapsed during the year	(6.99)	(11.04)
Closing balance	-	6.75

### 16C. NATURE AND PURPOSE OF SPECIAL RESERVES

#### a) Securities premium

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

#### b) General reserve

Under the erstwhile Companies Act, 1956, general reserve was created through an annual transfer of net income at specified percentage in accordance with applicable regulations. The purpose of these transfer was to ensure that if dividend distribution in the given year is more than 10% of paid up capital of the Company of that year, then the total dividend distribution is less than the



## NOTES TO STANDALONE FINANCIAL STATEMENT

FOR THE YEAR ENDED MARCH 31, 2023

total distributable results of the year. Consequent to introduction of Companies Act, 2013, the requirement to transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of the Companies Act, 2013.

### c) Special reserves u/s. 45-IC of RBI Act, 1934

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

### d) Share options outstanding account

The share options outstanding account is used to recognise the grant date fair value of options issued to employees under Employee Stock Option Scheme (ESOS) over the vesting period. (Refer Note 36).

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

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

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

## 17. INTEREST INCOME

(₹ in crore)

	Year ended March 31, 2023	Year ended March 31, 2022
<b>On financial assets measured at amortised costs:</b>		
Interest income (refer note 37)	0.45	4.70
Total	0.45	4.70

## 18. NET GAIN / (LOSS) ON FAIR VALUE CHANGES

(₹ in crore)

	Year ended March 31, 2023	Year ended March 31, 2022
<b>Net gain/(loss) on financial instruments at FVTPL:</b>		
(i) On trading portfolio		
- Mutual fund units	6.04	1.40
(ii) On financial instruments designated at FVTPL		
- Venture capital units	124.10	86.00
- Equity shares	15.00	-
Total (A)	145.14	87.40
<b>Fair Value changes:</b>		
Realised	77.84	12.82
Unrealised	67.30	74.58
Total (B)	145.14	87.40

## 19. OTHER INCOME

(₹ in crore)

	Year ended March 31, 2023	Year ended March 31, 2022
Miscellaneous income	0.41	3.13
Reversal of provision on investment	13.00	-
Loss on sale of investment	(13.00)	-
Interest on income tax refund	-	β
Total	0.41	3.13

## 20. FINANCE COST

(₹ in crore)

	Year ended March 31, 2023	Year ended March 31, 2022
<b>On financial liabilities measured at amortised cost:</b>		
Interest on inter corporate deposits (refer note 37)	0.50	-
Total	0.50	-

## NOTES TO STANDALONE FINANCIAL STATEMENT

FOR THE YEAR ENDED MARCH 31, 2023

### 21. EMPLOYEE BENEFITS EXPENSES

(₹ in crore)

	Year ended March 31, 2023	Year ended March 31, 2022
Salaries, wages and bonus	8.42	7.87
Contribution to provident and other funds [refer note 26(a)]	0.56	0.69
Contribution to gratuity fund [refer note 26(b)(i)]	0.01	0.02
Employee share based payment expense [refer note 36(c)(ii)]	0.24	2.01
Employee share based payment expense- Bank	(2.34)	(0.47)
Staff welfare expenses	0.01	0.02
<b>Total</b>	<b>6.90</b>	<b>10.14</b>

### 22. IMPAIRMENT ON FINANCIAL INSTRUMENTS

(₹ in crore)

	Year ended March 31, 2023	Year ended March 31, 2022
Write off of trade receivables	-	5.90
Reversal of provision on trade receivables	-	(5.90)
Provisions and contingencies	0.73	(0.23)
<b>Total</b>	<b>0.73</b>	<b>(0.23)</b>

### 23. OTHER EXPENSES

(₹ in crore)

	Year ended March 31, 2023	Year ended March 31, 2022
Rent	0.82	0.59
Rates and taxes	1.16	1.80
Loss on sale of Plant, Property and Equipment	0.01	-
Insurance charges	0.10	0.14
Travelling and conveyance	0.31	0.06
Printing and stationery	(0.08)	0.01
Communication costs	0.04	0.02
Advertising and publicity	0.06	0.05
Professional fees	3.96	7.09
Directors' sitting fees	0.78	0.85
Commission to directors	6.33	0.69
Contribution for corporate social responsibility (CSR) [refer note (b) below]	0.18	1.01
Auditors' remuneration [refer note (a) below]	0.43	0.49
Shared service cost (net)	β	0.16
Miscellaneous expenses	0.32	0.18
<b>Total</b>	<b>14.42</b>	<b>13.14</b>

#### a) Breakup of Auditors' remuneration

(₹ in crore)

	Year ended March 31, 2023	Year ended March 31, 2022
Audit fees	0.31	0.29
Tax audit fees	0.02	0.03
Other Services	0.09	0.17
Out-of-pocket expenses	0.01	β
<b>Total</b>	<b>0.43</b>	<b>0.49</b>

#### b) Contribution for corporate social responsibility (CSR)

- i) The average profit before tax of the Company for last three financial years was ₹ 9.01 crore, basis which the Company's prescribed CSR Budget for FY 2022-23 was ₹ 0.18 crore.

As per Section 135 of the Companies Act, 2013, amount required to be spent by the Company on Corporate Social Responsibility (CSR) related activities during the year is ₹ 0.18 crore (preceding year ₹ 1.01 crore).

- ii) Amount spent towards CSR during the year and recognised as expense in the Statement of Profit and Loss on CSR related activities is ₹ 0.18 crore (preceding year ₹ 1.01 crore), which comprise of following:

## NOTES TO STANDALONE FINANCIAL STATEMENT

FOR THE YEAR ENDED MARCH 31, 2023

	(₹ in crore)	
	Year ended March 31, 2023	Year ended March 31, 2022
<b>CSR Expenditure:</b>		
Social Action For Manpower Creation - SAMPARC	0.10	0.36
Yosaid Innovation Foundation	0.05	0.35
Tezpur Mahila Samiti	0.03	-
GOONJ	-	0.10
IIMPACT	-	0.10
INDIAN CANCER SOCIETY	-	0.10
	<b>0.18</b>	<b>1.01</b>
Amount spent during the year on:		
(i) Construction/acquisition of an asset	-	-
(ii) On purposes other than (i) above	0.18	1.01
<b>Total</b>	<b>0.18</b>	<b>1.01</b>

(iii) Details of CSR expenditure under Section 135(5) of the Act in respect of other than ongoing projects

(₹ in crore)				
Balance unspent as at April 1, 2022	Amount deposited in Specified Fund of Schedule VII of the Act within 6 months	Amount required to be spent during the year	Amount spent during the year	Balance unspent as at March 31, 2023
-	-	-	-	-

(iv) Details of excess CSR expenditure under Section 135(5) of the Act

(₹ in crore)			
Balance excess spent as at April 1, 2022	Amount required to be spent during the year	Amount spent during the year	Balance excess spent as at March 31, 2023
-	-	-	-

(v) Details of ongoing CSR projects under Section 135(6) of the Act

(₹ in crore)						
Balance as at April 1, 2022		Amount spent during the year			Balance as at March 31, 2023	
With the Company	In separate CSR unspent account	Amount required to be spent during the year	From the Company's bank account	From Separate CSR Unspent account	With the Company	In separate CSR unspent account
-	-	-	-	-	-	-

vi) Nature of CSR activities

CSR activities conducted during the year was focused on promoting healthcare, overall care, education and maintenance of orphan children, financial support for the women empowerment, among other interventions.

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

## 24 BUSINESS COMBINATION

(i) Appointed date for the merger is April 1, 2021. In accordance with IND AS 103 "Business Combinations" - 'The financial information in the financial statements in respect of prior periods should be restated as if the business combination had occurred from the beginning of the earliest period presented in the financial statements, irrespective of the actual date of combination.' Accordingly, all the figures presented have been restated.

## NOTES TO STANDALONE FINANCIAL STATEMENT

FOR THE YEAR ENDED MARCH 31, 2023

Particulars	IDFC Alternatives Limited	IDFC Trustee Company Limited	IDFC Projects Limited
The name and Description of Acquiree	IDFC Alternatives Limited was a Fund Manager for infrastructure fund management, private equity and real estate fund management businesses. In the Financial Year 2018-19, after obtaining necessary approvals from the regulators, IDFC Alternatives Limited sold its (i) infrastructure fund management business to Global Infrastructure Partners (ii) private equity and real estate fund management business to Investcorp. As on date, IDFC Alternatives Limited does not have any business and operations.	IDFC Trustee Company Limited acted as a Trustee to the funds managed by IDFC Alternatives Limited. After IDFC Alternatives Limited sold its business to Global Infrastructure Partners and Investcorp, IDFC Trustee Company Limited resigned as Trustee of such Funds. As on date, IDFC Trustee Company Limited does not have any business operations.	IDFC Projects Limited is into business of infrastructure projects including roads, highway; bridges, railways, seaports, airports etc. As on date, IDFC Projects Limited does not have any business and operations.
The Acquisition date	1-Apr-21	1-Apr-21	1-Apr-21
voting equity	100%	100%	100%
The Primary reason of business Combination	In view of the aforesaid, as IDFC Alternatives Limited, IDFC Trustee Company Limited and IDFC Projects Limited do not have any continuing business operations and also do not propose to commence any business operations in the near future. Resultantly, it is necessary streamline the corporate structure from a corporate governance perspective and this present scheme is brought forth achieve a streamlining of operations and focus management attention to operating businesses which can be scaled further and to simplify the corporate structure.		

(ii) The assets and Liabilities acquired as part of the acquisition (net of elimination) are as follows:-

Particulars as at March 31, 2021	IDFC Alternatives Limited	IDFC Trustee Company Limited	IDFC Projects Limited
Cash and cash equivalents	25.19	0.56	0.02
Investments	130.85	-	-
Other financial assets	76.99	-	-
Income tax assets	5.55	β	0.37
Total Assets	238.58	0.56	0.39
Other payable	0.16	0.01	0.04
Income tax	0.22	0.01	0.05
Other non- financial liabilities	0.01	β	β
Total Liabilities	0.39	0.02	0.09

(iii) As part of simplification of corporate structure, the Board of Directors of the Company along with its three wholly owned subsidiaries ('WOS') IDFC Alternatives Limited, IDFC Trustee Company Limited and IDFC Projects Limited, approved the merger of WOS into the Company, subject to regulatory approvals from various authorities. Post Board approval, the Company along with its three WOS has filed scheme of amalgamation with Official Liquidator ('OL') - Chennai and with Regional Director ('RD') / Registrar of Companies ('ROC') - Chennai on December 06, 2021.

The ROC, Chennai vide its letter dated February 01, 2022 intimated it's no observations/suggestions to the aforesaid scheme of amalgamation. Also, the OL of Madras High Court vide its letter dated March 24, 2022, communicated it's no observations to the aforesaid scheme of amalgamation.

The Company filed petition with National Company Law Tribunal (NCLT)- Chennai on April 13, 2022. NCLT heard the petition on October 20, 2022 and passed the order on November 22, 2022 in favor of the Company. The order is effective from December 09, 2022. The Company has given effect to the order and have prepared merged accounts for all the periods appearing in the result.

Reco of other equity from standalone FS to merged entities:

	As at March 31, 2021
<b>Other equity of IDFC Limited as on March 31, 2020</b>	7,659.21
Add: opening other equity of IDFC Alternatives Limited	269.78
Add: opening other equity of IDFC Projects Limited	(179.60)
Add: opening other equity of IDFC Trustee Company Limited	0.52
Profit and loss for FY 20-21	12.30
Movement in reserves for FY 20-21	(3.34)
Intercompany adjustments	(19.86)
Closing balance of other equity of merged entities as on March 31, 2021	7,739.01

## NOTES TO STANDALONE FINANCIAL STATEMENT

FOR THE YEAR ENDED MARCH 31, 2023

Profit and loss for FY 21-22	53.88
Movement in reserves for FY 21-22	1.73
Closing balance of other equity of merged entities as on March 31, 2022	7,794.62

### Reco of PAT from standalone FS to merged entities

	For the year ended March 31, 2021
<b>PAT of IDFC Limited for the year ended March 2021 (reported)</b>	8.87
Add: PAT of IDFC Alternatives Limited for FY 20-21	3.60
Add: PAT of IDFC Projects Limited for FY 20-21	(0.12)
Add: PAT of IDFC Trustee Company Limited for FY 20-21	(0.02)
Intercompany adjustments	(0.03)
PAT of IDFC Limited (merged accounts) FY 20-21	12.30
	For the year ended March 31, 2022
<b>PAT of IDFC Limited for the year ended March 2022 (reported)</b>	21.86
Add: PAT of IDFC Alternatives Limited for FY 21-22	32.64
Add: PAT of IDFC Projects Limited for FY 21-22	(0.02)
Add: PAT of IDFC Trustee Company Limited for FY 21-22	(0.06)
Intercompany adjustments	(0.54)
PAT of IDFC Limited (merged accounts) FY 21-22	53.88

## 25. INCOME TAX

### a) The components of income tax expense for the years ended March 31, 2023 and March 31, 2022 are: (₹ in crore)

	Year ended March 31, 2023	Year ended March 31, 2022
<b>Current tax</b>		
Current tax on profits for the year	5.88	3.32
Adjustment for current tax of earlier periods	0.22	(2.71)
Total current tax expense	6.10	0.61
<b>Deferred tax</b>		
Increase / (decrease) in deferred tax liabilities	18.18	17.50
Total deferred tax expense	18.18	17.50
Income tax expense	24.28	18.11

### b) Reconciliation of the total tax charge

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the years ended March 31, 2023 and March 31, 2022 is, as follows:

	Year ended March 31, 2023	Year ended March 31, 2022
		(₹ in crore)
Accounting profit before tax	2,053.37	72.08
<b>Tax at India's statutory income tax rate of 25.17% (preceding year 25.17%)</b>	516.83	18.14
Tax effect of the amount which are not taxable:		
- Provisions disallowed in preceding year hence not taxable	(8.97)	-
Expenses not deductible / deductible for tax purposes		
- Provisions and contingencies	0.18	(0.06)

## NOTES TO STANDALONE FINANCIAL STATEMENT

FOR THE YEAR ENDED MARCH 31, 2023

- Deduction allowed u/s. 24 & 35D of Income Tax Act, 1961	-	(7.02)
- Book loss on sale of investment	3.95	-
-Expenses not deductible for tax purposes (14A, 37 & 43B)		
- Others	(16.87)	(7.87)
Deduction under section 80M of Income Tax Act, 1961	(483.17)	-
Long term gains taxed at different rate	(6.12)	-
Adjustment of current tax of prior periods	0.22	(2.71)
Effect of reversal of opening deferred tax liability	18.18	17.51
Others	0.05	0.12
<b>Income tax expense at effective tax rate</b>	<b>24.28</b>	<b>18.11</b>
<b>Effective tax rate</b>	<b>1.18%</b>	<b>25.12%</b>

The board of Directors have declared interim dividend aggregating to ₹ 1,919.63 crores (refer note 28).

Taxable income of the Company is reduced by ₹ 1,919.63 crores on account of deduction u/s 80 M of the Income Tax Act, 1961.

### c) Unrecognised temporary differences

	(₹ in crore)	
	Year ended March 31, 2023	Year ended March 31, 2022
Temporary differences relating to impairment loss	0.73	(0.23)

The Company had not created deferred tax asset on the impairment loss recognised on financial assets in the preceding year as there was no reasonable certainty that future taxable profits will be available against which deferred tax asset can be utilised.

## 26. EMPLOYEE BENEFIT OBLIGATIONS

### a) Defined contribution plans

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

	(₹ in crore)	
	Year ended March 31, 2023	Year ended March 31, 2022
Provident fund	0.32	0.38
Pension fund	0.23	0.29
Superannuation fund	0.01	0.02
<b>Total</b>	<b>0.56</b>	<b>0.69</b>

### b) Defined benefit plans

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

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

### i) Balance Sheet

	(₹ in crore)		
	Present value of obligation	Fair value of plan assets	Net amount
<b>As at March 31, 2022</b>	3.01	3.01	β
Current service cost	0.02	-	0.02
Interest expense / (income)	0.07	0.07	(0.01)
Actuarial loss / (gain) arising from change in financial assumptions	(0.05)	-	(0.05)
Actuarial loss / (gain) arising on account of experience changes	0.16	-	0.16
Actual return on plan assets less interest on plan assets	-	(0.02)	0.02
Employer contributions	-	-	-
Benefit payments	(1.28)	(1.28)	-
<b>As at March 31, 2023</b>	<b>1.92</b>	<b>1.78</b>	<b>0.14</b>

# NOTES TO STANDALONE FINANCIAL STATEMENT

FOR THE YEAR ENDED MARCH 31, 2023

		(₹ in crore)	
		As at March 31, 2023	As at March 31, 2022
	Present value of plan liabilities	1.92	3.01
	Fair value of plan assets	1.78	3.01
	<b>Plan liability net of plan assets</b>	<b>0.14</b>	<b>β</b>
<b>ii) Statement of Profit and Loss</b>			
		(₹ in crore)	
		Year ended March 31, 2023	Year ended March 31, 2022
<b>Employee Benefit Expenses:</b>			
	Current service cost	0.02	0.02
	Interest cost	(0.01)	β
	<b>Total</b>	<b>0.01</b>	<b>0.02</b>
	Finance cost	-	-
	<b>Net impact on the profit before tax</b>	<b>0.01</b>	<b>0.02</b>
<b>Remeasurement of the net defined benefit liability:</b>			
	Actuarial gains/(losses) arising from changes in demographic assumptions	-	-
	Actuarial gains/(losses) arising from changes in financial assumptions	(0.05)	(0.01)
	Actuarial gains/(losses) arising from changes in experience	0.16	0.20
	Actual return on plan assets less interest on plan assets	0.02	(0.08)
	<b>Net impact on the other comprehensive income before tax</b>	<b>0.13</b>	<b>0.12</b>
<b>iii) Defined benefit plans assets</b>			
Category of assets (% allocation)		As at March 31, 2023	As at March 31, 2022
Insurer managed funds			
	- Government securities	46.36%	45.65%
	- Deposit and money market securities	7.77%	15.06%
	- Debentures / bonds	40.44%	33.93%
	- Equity shares	5.43%	5.36%
	<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>
<b>iv) Actuarial assumptions</b>			
With the objective of presenting the plan assets and plan liabilities of the defined benefits plans and post retirement medical benefits at their fair value on the balance sheet, assumptions under Ind AS 19 are set by reference to market conditions at the valuation date.			
		As at March 31, 2023	As at March 31, 2022
	Discount rate	7.20%	4.40%
	Salary escalation rate*	5%	5%
* takes into account the inflation, seniority, promotions and other relevant factors			
<b>v) Risks</b>			
<b>Interest rate risk:</b>			
The risk of government security yields falling due to which the corresponding discount rate used for valuing liabilities falls. Such a fall in discount rate will result in a larger value placed on the future benefit cash flows whilst computing the liability and thereby requiring higher accounting provisioning.			
<b>Longevity risks:</b>			
Longevity risks arises when the quantum of benefits payable under the plan is based on how long the employee lives post cessation of service with the company. The gratuity plan provides the benefit in a lump sum form and since the benefit is not payable as an annuity for the rest of the lives of the employees, there is no longevity risks.			
<b>Salary risks:</b>			
The gratuity benefits under the plan are related to the employee's last drawn salary. Consequently, any unusual rise in future salary of the employee raises the quantum of benefit payable by the company, which results in a higher liability for the compan and is therefore a plan risk for the company.			

**vi) Demographic assumptions**

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

**vii) Sensitivity**

As at March 31, 2023	Change in assumption	Impact on defined benefit obligation	
		Increase	Decrease
Discount rate	0.50%	(0.32%)	0.35%
Salary escalation rate	0.50%	0.35%	(0.33%)

As at March 31, 2022	Change in assumption	Impact on defined benefit obligation	
		Increase	Decrease
Discount rate	0.50%	(0.23%)	0.26%
Salary escalation rate	0.50%	0.25%	(0.23%)

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

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

**viii) Maturity**

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

	(₹ in crore)	
	As at March 31, 2023	As at March 31, 2022
within 12 months	1.81	2.89
Between 2-5 years	0.04	0.03
Between 5-10 years	0.04	0.03
Beyond 10 years	0.22	0.16

The weighted average duration to the payment of these cash flows is 0.66 years (preceding year 0.49 years).

**27. ASSET HELD FOR SALE**

As per the Share Purchase Agreement (SPA) signed by the Company and Novopay Solutions Private Limited ('NSPL') (erstwhile associate of the Company) on August 08, 2022, NSPL shall purchase shares totalling to 227,145 of Novopay held by IDFC Limited for a total consideration aggregating to ₹ 15.00 crore. The Company has diluted 13.85% stake (131,999 shares) in NSPL for ₹ 8.72 crore on August 31, 2022 and 4.16% stake (39,624 shares) for ₹ 2.49 crore on March 31, 2023. Balance stake of 55,522 valued at ₹ 3.79 crores are yet to be diluted, hence Investment in NSPL is shown as asset held for sale as per IND AS 105 - Non-current Assets Held for Sale and Discontinued Operations.

NSPL is no longer an associate of the Company. Investment in NSPL has been fully provided by the Company in the previous years. Hence on sale of shares in NSPL, the provision created has been reversed.

**28. DIVIDEND PAID AND PROPOSED DURING THE YEAR**

	(₹ in crore)	
	March 31, 2023	March 31, 2022
A. Declared and paid during the year		
Dividends on ordinary shares:		
Final Dividend for 2023: Nil per share (2022: Nil per share)	-	-
Interim Dividend for 2023: ₹ 12 per share (2022: Nil per share) (refer notes below)	1,919.63	-
Total dividends paid	1,919.63	-
B. Proposed for approval at Annual General Meeting (not recognised as a liability as at year end)		
Dividend on ordinary shares:		
Final dividend for 2023: Nil per share (2022: Nil per share)	-	-



## NOTES TO STANDALONE FINANCIAL STATEMENT

FOR THE YEAR ENDED MARCH 31, 2023

- a. The Board of the Directors of the Company at its meeting held on April 06, 2022 has considered and declared an Interim Dividend of 10% i.e. ₹ 1 per equity share of the Company. The interim dividend was paid to the eligible shareholders on May 02, 2022, whose names appeared on the Register of Members of the Company as at close of day on April 10, 2022 being the record date for the purpose of the aforesaid interim dividend.
- b. The Board of Directors at its meeting held on February 01, 2023 has considered and declared a special interim dividend of 110% i.e. ₹ 11 per equity share of the Company. The interim dividend was paid to the eligible shareholders on February 23, 2023, whose names appeared on the Register of Members of the Company as at close of the record date February 13, 2023.

### 29 OTHER NOTES

- (i) Reserve Bank of India ("RBI") has, vide its letter No.DOR..HOL.No.SUO-75590/16.01.146/2021-22 dated July 20, 2021, clarified that after the expiry of lock-in period of 5 years, IDFC Limited can exit as the promoter of IDFC FIRST Bank Limited.

Post completion of lock-in period of 5 years, the Board of Directors of IDFC FIRST Bank at their meeting held on December 30, 2021 has confirmed that they are "In-principle" in favour of Merger of 'IDFC' and 'IDFC FHCL' with 'IDFC FIRST Bank'. The said corporate restructuring activity shall be subject to approval by the Board of Directors of entities involved, shareholders, creditors and other necessary statutory / regulatory approvals.

The Board of Directors of the Company and IDFC FHCL, at their respective meetings held on March 18, 2023, have appointed a) registered valuer for recommendation of fair share exchange ratio; b) merchant banker for issuance of fairness opinion on the share exchange ratio; c) law firm for conducting legal due diligence, drafting and finalizing scheme of amalgamation and filing regulatory applications.

- (ii) The Board of Directors of the Company and IDFC FHCL at their respective meetings held on April 06, 2022, have inter alia considered binding bids received in connection with divestment of IDFC Asset Management Company Limited ('IDFC AMC') along with IDFC AMC Trustee Company Limited ('IDFC AMC Trustee') and have approved sale of the entire shareholding of IDFC AMC and IDFC AMC Trustee held by the Company to a consortium comprising of Bandhan Financial Holding Limited, Lathe Investment Pte. Ltd. (affiliate of GIC), Tangerine Investments Limited, Infinity Partners (affiliates of ChrysCapital) ('Proposed Transaction'). The consideration for the Proposed Transaction is ₹ 4,500 crores on a fully diluted basis and subject to customary price adjustments at the closure.

All the requisite regulatory and other approvals, as applicable have been received and the Proposed Transaction is completed on January 31, 2023. IDFC FHCL sold 27,636,940 shares (including 846,490 shares purchased from employees on exercise of ESOPs at a price of ₹ 1,625 per share) in IDFC AMC and 50,000 shares in IDFC AMC Trustee to the consortium for consideration of ₹ 4,490 crores and ₹ 0.50 crores respectively. With the conclusion of the transaction, post January 31, 2023, IDFC AMC, IDFC AMC Trustee and IDFC Investment Managers (Mauritius) Limited are no more subsidiaries of the Group.

- (iii) On August 15, 2022, Ms. Ritu Anand ceased to be an Independent Director of the Company upon completion of her term.

Pursuant to Regulation 17(1)(c) of SEBI Listing Obligations and Disclosure Requirements (LODR) Regulations 2015, the Board of Directors of the Company shall comprise of not less than six directors. Due to cessation of her directorship from the Board, the number of Directors on the Board of the Company reduced from six to five and the composition of the Board as well as constitution of Board's committees were impacted. As on March 31, 2023 the Company is in process of appointing New Directors, on the Board to comply with Regulation 17(1)(c) of SEBI LODR Regulations 2015.

### 30. EARNINGS PER SHARE (EPS)

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

	Year ended March 31, 2023	Year ended March 31, 2022
Net profit after tax available for equity shareholders (₹ in crores)	2,029.10	53.97
Weighted average number of equity shares	1,597,795,692	1,596,413,052
Face value (in ₹)	10.00	10.00

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

	Year ended March 31, 2023	Year ended March 31, 2022
Basic earnings per share	12.70	0.34
Effect of outstanding stock options	0.00	0.00
Diluted earnings per share	12.70	0.34

## NOTES TO STANDALONE FINANCIAL STATEMENT

FOR THE YEAR ENDED MARCH 31, 2023

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

	Year ended March 31, 2023	Year ended March 31, 2022
Weighted average number of shares for computation of Basic EPS	1,597,795,692	1,596,413,052
Dilutive effect of outstanding stock options	110,919	438,563
Weighted average number of shares for computation of Diluted EPS	1,597,906,611	1,596,851,615

### 31. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

(₹ in crore)

	As at March 31, 2023	As at March 31, 2022
<b>Commitments</b>		
Uncalled liability on shares and other investments partly paid	2.38	16.25
Claims not acknowledged as debts	229.19	43.25
Undertaking (see note a)	15.00	-
Letter of comfort (see note b)	-	14.57
<b>Total</b>	<b>246.57</b>	<b>74.07</b>

- a) The Company has donated equity shares of its wholly owned subsidiary IDFC Foundation to Upajeevan Sangathan Foundation via a deed of donation signed by both the parties on October 27, 2022. The Company has also undertaken to make good any short fall in the net tax liabilities which become payable arising out of the Tax Appeal which is in excess of the Net Value of the assets realised by the donee. The Undertaking is valid for three years from the date of donation i.e. from October 27, 2022.
- b) The Company had issued letter of comfort to IDFC Foundation - wholly owned subsidiary of the Company, if there is any short fall in meeting its obligations towards its contingent liabilities amounting to ₹ 14.57 crore and any related penalty. The comfort letter was valid till April 30, 2022.
- c) The Company holds 26.00% stake in Jetpur Somnath Tollways Private Limited ("JSTPL"). JSTPL had executed the concession agreement with National Highway Authority of India ("NHAI") for the purpose of four laning of 123.45 km Jetputur Somnath Section of NH-8D in the state of Gujarat under NHDP phase III on Build Operate Transfer (BOT) (TOLL) on DBFO pattern. Due to certain disputes, NHAI terminated the Concession Agreement in November 2016. Matter was referred to Arbitration. Arbitral Tribunal on March 31, 2021 passed an award in favour of JSTPL for ₹ 1,019.43 crore. JSTPL filed an appeal with Hon'ble Delhi High Court for enforcement of the award dated March 31, 2021. Hon'ble High Court directed NHAI to deposit the entire decretal amount along with interest till the date of payment with court on February 27, 2023. The next hearing is fixed for May 11, 2023.
- d) At the time of sale of IDFC AMC and IDFC AMC Trustee company to Bandhan consortium, IDFC as a seller had given various warranties. These includes Business / General warranty, Tax warranty and Fundamental Warranty.
- e) The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and postemployment received Indian Parliament approval and Presidential assent in September 2020. The Code has been published in the Gazette of India and subsequently on November 13, 2020 draft rules were published and invited for stakeholders' suggestions. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

### 32. CAPITAL MANAGEMENT

The Company maintains a capital base to cover risks inherent in the business and is meeting capital adequacy requirements of the regulator, Reserve Bank of India (RBI) of India. The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI. Company has complied in full with all its externally imposed capital requirements over the reported period. The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and healthy capital ratios in order to support its business and to maximise shareholder value.

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

The following additional information is disclosed in terms of the RBI circular (Ref No. DNBR .PD. 008 / 03.10.119 / 2016-17 dated September 01, 2016); RBI circular DNBR(PD)CC No. 053 / 03.10.119 / 2015-16 and RBI circular DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020 :

## NOTES TO STANDALONE FINANCIAL STATEMENT

FOR THE YEAR ENDED MARCH 31, 2023

	(₹ in crore)	
<b>Capital to risk assets ratio (CRAR):</b>	As at March 31, 2023	As at March 31, 2022
Tier I capital	1,171.07	1,150.73
Tier II capital	-	-
<b>Total capital</b>	<b>1,171.07</b>	<b>1,150.73</b>
Risk weighted assets	1,405.17	1,274.30
CRAR (%)	83.34%	90.30%
CRAR - Tier I capital (%)	83.34%	90.30%
CRAR - Tier II capital (%)	-	-
Amount of subordinated debt considered as Tier II capital	-	-
Amount raised by issue of perpetual debt instruments	-	-

Regulatory capital Tier I capital, which comprises share capital, share premium, special reserves, share option outstanding account, retained earnings including current year profit less accrued dividends. Certain adjustments are made to Ind AS-based results and reserves, as prescribed by the Reserve Bank of India.

### 33. FAIR VALUE MEASUREMENT

The significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in the note below:

	(₹ in crore)	
<b>Financial Instruments by Category</b>	At fair value through profit and loss	Amortised cost
<b>Year ended March 31, 2023</b>		
<b>Financial Assets:</b>		
Cash and cash equivalents	-	110.86
Bank Balances other than cash and cash equivalents	-	1.02
Investments:		
- Venture capital fund units	347.82	-
- Asset held for sale	3.79	-
Other financial assets	-	0.26
<b>Total Financial Assets</b>	<b>351.61</b>	<b>112.14</b>
<b>Financial Liabilities:</b>		
Other payables	-	7.31
Other financial liabilities	-	5.02
<b>Total Financial Liabilities</b>	<b>-</b>	<b>12.33</b>

	(₹ in crore)	
<b>Year ended March 31, 2022</b>	At fair value through profit and loss	Amortised cost
<b>Financial Assets:</b>		
Cash and cash equivalents	-	71.11
Bank Balances other than above	-	1.45
Other receivables	-	2.01
Investments:		
- Venture capital fund units	301.26	-
Other financial assets	-	0.96
<b>Total Financial Assets</b>	<b>301.26</b>	<b>75.53</b>
<b>Financial Liabilities:</b>		
Other payables	-	2.90
Other financial liabilities	-	3.25
<b>Total Financial Liabilities</b>	<b>-</b>	<b>6.15</b>

The Equity instruments in subsidiaries and associates are measured at cost and not included in the above table.

## NOTES TO STANDALONE FINANCIAL STATEMENT

FOR THE YEAR ENDED MARCH 31, 2023

### a) Fair value hierarchy

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

<b>As at March 31, 2023</b>						(₹ in crore)
Assets measured at fair value - recurring fair value measurements	Note	Level 1	Level 2	Level 3	Total	
<b>Financial assets</b>						
Financial Investments at FVTPL						
- Venture capital fund units	6	-	-	347.82	347.82	
- Asset held for Sale	27	-	-	3.79	3.79	
<b>Total financial assets</b>		-	-	351.61	351.61	
<b>Year ended March 31, 2022</b>						(₹ in crore)
Assets measured at fair value - recurring fair value measurements		Level 1	Level 2	Level 3	Total	
<b>Financial assets</b>						
Financial Investments at FVTPL						
- Venture capital fund units	6	-	-	301.26	301.26	
<b>Total financial assets</b>		-	-	301.26	301.26	

- i) There are no transfers between levels 1, 2 and 3 during the year.
- ii) The Companies policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

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

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

The hierarchies used are as follows:

**Level 1:** Hierarchy includes financial instruments measured using quoted prices in an active market.

**Level 2:** The fair value of financial instruments that are not traded in an active market (such as mutual fund units) is determined using observable market data and not the entity specific estimates. These investments are valued at closing Net Asset Value (NAV), which represents the repurchase price at which the issuer will redeem the units from investors. Since all significant inputs required to fair value an instrument are observable, the investments are included in Level 2.

**Level 3:** Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

### b) Valuation technique used to determine fair value

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

Specific valuation techniques used to value financial instruments include:

- the fair value of the mutual fund units is determined using observable NAV at the reporting date as declared by the issuer.
- the fair value of the venture capital units (VCFs) is determined using NAV at the reporting date as declared by the issuer. ^
- the fair value of unlisted equity shares are has been valued by an independent valuer.

^ Considering the illiquidity discount, the Company has provided for additional diminution over and above the NAV communicated by the VCFs in order to appropriately reflect the fair value as on March 31, 2022.

### c) Valuation Process

In order to assess Level 3 valuations as per Company's investment policy, the management relies on the NAVs issued by the VCF's.

## NOTES TO STANDALONE FINANCIAL STATEMENT

FOR THE YEAR ENDED MARCH 31, 2023

The finance team performs the above process and reports directly to the Chief Financial Officer (CFO) of the Company. Discussions of valuation processes and results are held between the finance team and CFO on regular basis. Investment valuation is placed before the members of the board at least once every three months which is in line with the Company's quarterly reporting periods.

### d) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the year ended March 31, 2023 and March 31, 2022:

	(₹ in crore)	
	Venture capital fund units	Total
<b>Year ended March 31, 2021</b>	197.85	197.85
Acquisitions (net) during the year	28.84	28.84
Gains recognised in profit and loss	74.57	74.57
<b>Year ended March 31, 2022</b>	301.26	301.26
Acquisitions (net) during the year	(25.65)	(25.65)
Gains recognised in profit and loss	72.21	72.21
<b>Year ended March 31, 2023</b>	347.82	347.82

### e) Valuation inputs and relationships to fair value

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

	Fair Value as at 31 <sup>st</sup> March 2023	Fair Value as at 31 <sup>st</sup> March 2022	Significant unobservable inputs	Probability- weighted range	Sensitivity
Venture capital fund units	347.82	301.26	Net Asset Value	10%	Whilst these investments are not traded on any market, they are exposed to price risk in respect of their underlying investments. 10% is the sensitivity rate used when reporting price risk internally to key management personnel and represents management's assessment of the possible net change in underlying prices. A 10% increase/(decrease) in the net asset value would increase/(decrease) the Company's gain/(loss) by ₹ 26.03 crores. (March 31, 2022 - 22.54 crores).

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

For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts are a reasonable approximation of their fair value. Such instruments include cash and bank balances, bank deposits, security deposits, trade and other receivables, and trade and other payable.

Advance to related parties and security deposits are evaluated by the Company based on parameters such as interest rates and individual creditworthiness of the counterparty. Based on this evaluation, allowances are taken to account for expected losses of these financial assets. Accordingly, fair value of such instruments is not materially different from their carrying amounts

## 34. FINANCIAL RISK MANAGEMENT

Risk management is an integral part of the business practices of the Company. The Company's senior management has the overall responsibility for the establishment and oversight of the Company's risk policies. These risk management policies are reviewed regularly to reflect changes in market conditions and the Company's activities.

The objective is that these financial risks are identified, measured and managed in accordance with the Company's policies in a timely manner. The activities are designed to:

- protect the Company's financial results and position from financial risks;
- maintain market risks within acceptable parameters, while optimising returns;
- protect the Company's financial investments, while maximising returns.

## a) Credit risk

Credit risk is the risk of suffering financial loss, should any of the Company's customers, clients or market counterparties fail to fulfil their contractual obligations to the Company. Credit risk arises mainly from cash and cash equivalents, deposits with banks, trade and other receivable, loans measured at amortised cost.

### **Expected credit loss methodology:**

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

- Stage 1 - A financial instrument that is not credit impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Company. The Company has established credit quality review process which considers net asset position, financial strength and leverage; operational & financial performance; cash flows, etc. in identification of creditworthiness of counterparties.
- Stage 2 - Financial instruments with significant increase in credit risk, but not yet deemed to be credit impaired are moved to Stage 2.
- Stage 3 - Credit impaired financial instruments are moved to stage 3.

The Company performs internal risk assessment on an individual basis and not on a portfolio basis due to the limited number of counterparties involved. The assessment of credit risk of a loans (including loan commitments) entails estimations as to the likelihood of loss occurring due to default of counterparties. The estimation of credit exposure for risk management purposes is complex and considers expected cash flows and the passage of time.

### **Default and credit-impaired asset:**

The Company defines a financial asset as in default or credit-impaired, when it meets one or more of the following criteria:

#### **Quantitative criteria:**

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

#### **Qualitative criteria:**

The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty.

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

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

### **Policy for write-off of financial assets**

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

### **Explanation of inputs and assumptions considered in the ECL model:**

#### **PD Estimation:**

- "Probability of default" (PD) is defined as the probability of whether the borrowers will default on their obligations in the future. For Stage 1, 12 month PD are calculated.

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

#### **Exposure at default:**

- "Exposure at default" (EAD) represents the expected exposure in the event of a default and is the gross carrying amount in case of the financial assets held by the Company.

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

Loss given default:

- “Loss given default” (LGD) is an estimate of loss from a transaction given that a default occurs. LGD varies by type of counterparty, type and seniority of claim. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

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

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

In determining the ECL, management assesses a range of possible outcomes, taking into account past events, current conditions and the economic outlook. Additional facts and circumstances, that in management’s judgment are considered to have been inadequately addressed in the ECL Model, are taken into consideration through the application of a management overlay framework. ECL adjustments arising from the exercise of the management overlay are subject to a review.

**i) Trade and other receivables**

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

Reconciliation of impairment allowance on trade and other receivables

**Reconciliation of impairment allowance on trade and other receivables**

	₹ in crore
<b>Impairment allowance as at March 31, 2021</b>	5.90
Add/(less): changes in loss allowance	(5.90)
Impairment allowance as at March 31, 2022	-
Add/(less): changes in loss allowance	-
<b>Impairment allowance as at March 31, 2023</b>	-

**ii) Other financial assets**

The Company maintains exposure in cash and cash equivalents, deposits with banks. Cash and cash equivalents and bank deposits are held with only high rated banks/financial institutions only, therefore credit risk is perceived to be low.

For investment in mutual fund units and venture capital fund units carried at fair value through profit and loss, the Company does not have significant concentration of credit risk.

The maximum exposure at the end of the reporting period is the carrying amount of these investments is ₹ 347.82 crores (March 31, 2022: ₹ 301.26 crores).

**b) Market risk**

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the value of a financial asset. The value of a financial asset may change as a result of changes in the interest rates, foreign currency exchange rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments.

**i) Fair value interest rate risk:**

Interest rate risk is the risk where the company is exposed to the risk that the fair value or future cash flows of its financial instruments will fluctuate as a result of a changes in market interest rates.

The Company is exposed to interest rate risk from investments held in debt oriented mutual fund units. These funds invests in debt securities. Sensitivity analysis for exposure to interest rate risk in case of units backed by debt securities is not disclosed as there are no investments outstanding as on March 31, 2023 and March 31, 2022.

**ii) Foreign currency risk:**

The Company does not have any foreign currency exposures in respect of financial assets and financial liabilities as at the balance sheet date.

**iii) Price risk:**

The price risk arises from investments in venture capital fund units classified in the balance sheet as financial instruments measured at fair value through profit and loss. The future uncertain changes in the Net Asset Value of the Company's investment exposes the Company to the price risk.

Exposure	(₹ in crore)	
	As at March 31, 2023	As at March 31, 2022
Investment in venture capital fund units	347.82	301.26
<b>Total</b>	<b>347.82</b>	<b>301.26</b>

**Sensitivity - Investment in venture capital fund**

The table below summarises the impact of increases/decreases in the net asset value of Company's investment in venture capital fund units.

	Impact on profit after tax*	Impact on profit after tax*
	Year ended March 31, 2023	Year ended March 31, 2022
<b>Investment in venture capital fund units:</b>		
- Increase 10% (preceding year 10%)	26.03	22.54
- Decrease 10% (preceding year 10%)	(26.03)	(22.54)

\*Profit for the year would change as a result of gain/loss on financial instruments classified as at fair value through profit and loss.

**c) Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. Prudent liquidity risk management implies maintaining sufficient cash and liquid investments. The Company believes that current cash and bank balances, bank deposits and investments in liquid investments are sufficient to meet liquidity requirements since Company has no external borrowings. Accordingly, liquidity risk is perceived to be low.

**Maturity analysis:**

The following table shows the maturity analysis of financial liabilities of the Company based on contractually agreed undiscounted cash flows as at the balance sheet date:

As at March 31, 2023	Note No.	(₹ in crore)		Total
		Less than 12 months	More than 12 months	
<b>Financial liabilities:</b>				
Other payable	11	7.31	-	7.31
Other financial liabilities	12	5.02	-	5.02
<b>Total financial liabilities</b>		<b>12.33</b>	<b>-</b>	<b>12.33</b>
<b>As at March 31, 2022</b>	<b>Note No.</b>	<b>Less than 12 months</b>	<b>More than 12 months</b>	<b>Total</b>
<b>Financial liabilities:</b>				
Other payable	11	2.90	-	2.90
Other financial liabilities	12	3.25	-	3.25
<b>Total</b>		<b>6.15</b>	<b>-</b>	<b>6.15</b>

**35. MATURITY ANALYSIS OF ASSETS AND LIABILITIES**

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



# NOTES TO STANDALONE FINANCIAL STATEMENT

FOR THE YEAR ENDED MARCH 31, 2023

	(₹ in crore)					
	As at March 31, 2023			As at March 31, 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
<b>Financial assets</b>						
Cash and cash equivalents	110.86	-	110.86	71.11	-	71.11
Bank balance other than cash and cash equivalents above Receivables	1.02	-	1.02	1.45	-	1.45
(I) Other receivables	-	-	-	2.01	-	2.01
Investments	-	9,376.73	9,376.73	-	9,329.30	9,329.30
Other financial assets	0.26	-	0.26	0.29	0.67	0.96
<b>Non-financial assets</b>						
Income tax assets	-	74.92	74.92	-	11.27	11.27
Property, plant and equipment	-	0.07	0.07	-	0.16	0.16
Other non-financial assets	2.99	-	2.99	0.19	-	0.19
Assets classified as held for sale	3.79	-	3.79	-	-	-
<b>Total assets</b>	<b>118.92</b>	<b>9,451.72</b>	<b>9,570.64</b>	<b>75.05</b>	<b>9,341.40</b>	<b>9,416.45</b>
<b>Financial liabilities</b>						
Payables						
(I) Other payables						
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	7.31	-	7.31	2.90	-	2.90
Other financial liabilities	5.02	-	5.02	3.25	-	3.25
<b>Non-financial Liabilities</b>						
Deferred tax liabilities (Net)	-	36.25	36.25	-	18.08	18.08
Provisions	0.14	-	0.14	-	-	-
Other non-financial liabilities	3.28	-	3.28	1.16	-	1.16
<b>Total liabilities</b>	<b>15.75</b>	<b>36.25</b>	<b>52.00</b>	<b>7.31</b>	<b>18.08</b>	<b>25.39</b>

## 36. EMPLOYEE SHARE BASED PAYMENTS

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

The Company introduced IDFC Employee Stock Option Scheme, 2016 ("IDFC ESOS - 2016") to enable the employees of the Company and its subsidiaries / associates to participate in the future growth and financial success of the IDFC Group. The scheme is in compliance with the SEBI (Share Based Employee Benefits) Regulations, 2014. The ESOS provides for grant of stock options to employees [including employees of subsidiary companies and IDFC FIRST Bank Limited (an associate of the Company)] to acquire equity shares of the Company, that will vest in a graded manner and that are to be exercised within a specified period.

The fair value of options granted to the employees of the Company under the ESOS is recognised as an employee benefits expense with a corresponding increase in 'Share Option Outstanding Account' under 'Other Equity'. The fair value of options granted to the employees of subsidiaries or associate of the Company is recognised as an increase in the investment in the respective subsidiaries or associate, with a corresponding credit to 'Share Option Outstanding Account' under 'Other Equity' in accordance with group share based payment guidance under Ind AS 102.

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

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

	Year ended March 31, 2023		Year ended March 31, 2022	
	Average exercise price	Number of options	Average exercise price	Number of options
Opening balance	55.11	3,846,498	56.82	10,604,778
Granted during the year	-	-	53.60	1,200,000
Exercised during the year	54.76	(3,548,494)	49.84	(77,626)
Forfeited during the year	60.35	(28,966)	89.21	(418,690)
Lapsed/expired during the year	59.22	(269,038)	55.44	(7,461,964)
<b>Closing balance</b>	<b>-</b>	<b>-</b>	<b>55.11</b>	<b>3,846,498</b>
Vested and exercisable	-	-	55.80	2,646,498
Unvested	-	-	53.60	1,200,000

## NOTES TO STANDALONE FINANCIAL STATEMENT

FOR THE YEAR ENDED MARCH 31, 2023

The weighted average share price at the date of exercise of options exercised during the year ended March 31, 2023 was ₹ 54.76 (preceding year ₹ 49.84).

### ii) Share options outstanding at the March 31, 2023 have the following expiry date and exercise prices:

Grant date	Expiry date	Exercise price	Outstanding as at March 31, 2023	Outstanding as at March 31, 2022
05-Oct-15	18-Apr-17 to 05-Oct-23	60.35	-	809,270
05-Feb-16	05-Feb-22 to 05-Feb-24	41.15	-	210,000
29-Apr-16	14-Jul-17 to 29-Apr-23	43.40	-	70,000
26-Jul-16	14-Jul-17 to 26-Jul-23	53.90	-	111,128
14-Sep-16	14-Sep-22 to 14-Sep-24	59.20	-	100,000
14-Mar-17	14-Mar-23 to 14-Mar-25	51.85	-	42,600
09-May-17	31-May-18 to 09-May-24	63.25	-	103,500
27-Apr-18	27-Apr-23	55.40	-	1,200,000
10-May-21	09-May-25	53.60	-	1,200,000
Total			-	3,846,498
<b>Weighted average remaining contractual life of options outstanding at end of period</b>			-	2.32

### iii) Fair value of options granted

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

1,200,000 ESOPS were granted during the year ended March 31, 2022.

The Assumptions used in the model are as follows:

Sr. No.	Variables	Year ended March 31, 2023	Year ended March 31, 2022
1	Risk Free Interest Rate	-	4.71%
2	Expected Life	-	2.50
3	Expected Volatility	-	50.28%
4	Dividend Yield	-	0.00%
5	Price of the underlying share in market at the time of the option grant. (₹)	-	53.60

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

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

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

### c) Amounts recognised in statement of profit and loss and investment in subsidiary:

The Company had established an intermediate Non-Operating Financial Holding Company (NOFHC) (i.e. IDFC Financial Holding Company Limited) to hold the investment in IDFC FIRST Bank Limited (an associate of the Company) and other subsidiaries of the Company due to regulatory requirements of RBI. Since the Company does not hold direct investment in its associate and other subsidiaries involved in group, the Company increases or decreases its investment in IDFC Financial Holding Company Limited, to give the effect of increase or decrease in the investment in subsidiary or associate for accounting employee stock options.

- Total expenses arising from share-based payment transactions recognised in statement of profit and loss as part of employee benefit expense for the year ended March 31, 2023 is ₹ 0.24 crores (preceding year ₹ 2.01 crores).
- Reversal of expense on account of cancel / lapse of employee stock option of IDFC FIRST Bank Limited which has been recognised in statement of profit and loss as part of employee benefit expense for the year ended March 31, 2023 is ₹ (2.34 crore) (preceding year ₹ (0.47 crore)).

## NOTES TO STANDALONE FINANCIAL STATEMENT

FOR THE YEAR ENDED MARCH 31, 2023

### 37. RELATED PARTY TRANSACTIONS

List of related party where transaction exists.

#### a) Subsidiaries

**Direct:**

Name	Place of incorporation	Ownership Interest	
		As at March 31, 2023	As at March 31, 2022
IDFC Foundation (till October 27, 2022)	India	-	100%
IDFC Financial Holding Company Limited	India	100%	100%

**Indirect:**

IDFC Asset Management Company Limited (upto January 31, 2023)

IDFC AMC Trustee Company Limited (upto January 31, 2023)

#### b) Associates

**Direct:**

Novopay Solutions Private Limited (till August 31, 2022)

Jetpur somnath Tollways Private Limited

**Indirect:**

IDFC FIRST Bank Limited

#### c) Key management personnel

Mr. Sunil Kakar - Managing Director & CEO (Upto September 30, 2022)

Mr. Mahendra N. Shah - Managing Director (w.e.f. October 01, 2022)

Mr. Bipin Gemani - Chief Financial Officer

Mr. Vinod Rai - Independent director (upto May 24, 2021)

Mr. Vinod Rai -Non Independent director (w.e.f. May 25, 2021 upto September 22, 2021)

Ms. Ritu Anand - Independent director (upto August 15, 2022)

Mr. Ajay Sondhi - Independent director

Ms. Anita Belani - Independent Director (w.e.f November 09, 2021)

Dr. Jaimini Bhagwati - Independent director (w.e.f. May 25, 2021)

Mr. Anil Singhvi - Independent director (w.e.f. May 25, 2021)

#### d) Key management personnel compensation

	(₹ in crore)	
	Year ended March 31, 2023	Year ended March 31, 2022
Short-term employee benefit	11.66	5.48
Long-term employee benefit	0.57	0.62
<b>Total</b>	<b>12.23</b>	<b>6.10</b>

\* Includes ESOP perquisite of ₹ 5.92 crores (previous year Nil)

Sitting fees and Commission to directors has been disclosed as "Directors' Sitting Fees" & "Commission to directors" under "other expenses" in note 23.

- e) All transactions were made on normal commercial terms and conditions and at market rates. The average interest rate on the inter corporate deposits taken during the year was 10% (previous year 10%) and average interest rate on the inter corporate deposits given during the previous year was 10%.
- f) Disclosure requirements in relation to related party transactions wide- NBFC circular RBI/2022-23/26 DOR.ACC.REC. No.20/21.04.018/2022-23 dated April 19, 2022 are complied.

## NOTES TO STANDALONE FINANCIAL STATEMENT

FOR THE YEAR ENDED MARCH 31, 2023

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

	(₹ in crore)			
	Subsidiaries		Associates	
	2023	2022	2023	2022
<b>INCOME</b>				
Dividend	1,930.00	-	-	-
Interest	0.36	4.63	0.04	-
<b>EXPENDITURE</b>				
Finance cost	0.50			
Shared service cost recovery	(0.08)	(0.04)	-	-
Shared service cost (including reimbursement of expenses)	-	0.15	-	0.15
<b>ASSETS / TRANSACTIONS</b>				
Sale of Office Equipment	-	-	-	β
Current account balance	-	-	3.87	62.49
Fixed deposits placed	-	-	135.00	83.90
Fixed deposits matured	-	-	27.00	73.90
Fixed deposit- balance	-	-	108.00	10.00
Interest accrued on deposits	-	-	0.01	-
Inter-corporate deposits (placed)	100.00	10.00	-	-
Inter-corporate deposits (matured)	100.00	85.00	-	-
Advances / other receivable	-	0.01	-	-
Outstanding Equity investment - At cost	9,029.24	9,042.24	132.19	167.81
<b>LIABILITIES / TRANSACTIONS</b>				
Inter-corporate deposits (taken)	75.80	-	-	-
Inter-corporate deposits (repaid)	75.80	-	-	-

### 38. SEGMENT INFORMATION

The Company's main business is to carry out Investment activity in India. All other activities of the Company revolve around the main business of the Company. Accordingly, there are no separate reportable segments, as per Ind AS 108 "Operating Segment." Also the Company does not have any geographical segment.

### 39. THE FOLLOWING ADDITIONAL INFORMATION IS DISCLOSED IN TERMS OF THE RBI CIRCULAR (REF. NO. DNBS (PD) CC NO. 008 /03.10.119 /2016-17 DATED JULY 1, 2016) :

**(a) Investor group wise classification of all investments (current and non-current) in shares and securities (both quoted and unquoted):**

	(₹ in crore)			
	As at March 31, 2023		As at March 31, 2022	
	Market value / Break up value / Fair value / NAV	Book value net of provision	Market value / Break up value / Fair value / NAV	Book value net of provision
<b>1 Related parties</b>				
(a) Subsidiaries	10,785.43	9,028.91	9,448.18	9,028.04
(b) Companies in the same group	-	-	-	-
(c) Other related parties	-	-	-	-
<b>2 Other than related parties</b>	351.61	351.61	301.26	301.26
<b>Total</b>	11,137.04	9,380.52	9,749.44	9,329.30

## NOTES TO STANDALONE FINANCIAL STATEMENT

FOR THE YEAR ENDED MARCH 31, 2023

### (b) Asset Liability Management Maturity pattern of certain items of Assets and Liabilities:

As at March 31, 2023

(₹ in crore)

	upto 30/31 days	Over 1 month upto 2 months	Over 2 month upto 3 months	Over 3 month & upto 6 month	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 year & upto 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-
Advances	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	3.79	-	-	9,376.73	9,380.52
Borrowing	-	-	-	-	-	-	-	-	-
Foreign currency assets	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-

As at March 31, 2022

(₹ in crore)

	upto 30/31 days	Over 1 month upto 2 months	Over 2 month upto 3 months	Over 3 month & upto 6 month	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 year & upto 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-
Advances	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	9,329.30	9,329.30
Borrowing	-	-	-	-	-	-	-	-	-
Foreign currency assets	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-

In computing the above information, certain estimates, assumptions and adjustments have been made by the Management which have been relied upon by the auditors.

### (c) Exposures to Capital Market

(₹ in crore)

	As at March 31, 2023	As at March 31, 2022
(i) Direct investments in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt	9,032.70	9,028.04
(ii) Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures and units of equity-oriented mutual funds	-	-
(iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity-oriented mutual funds are taken as primary security	-	-
(iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity-oriented mutual funds i.e. where primary security other than shares/convertible bonds/convertible debentures/units of equity-oriented mutual funds does not fully cover the advances	-	-
(v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	-	-
(vi) Loans sanctioned to corporates against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	-	-

## NOTES TO STANDALONE FINANCIAL STATEMENT

FOR THE YEAR ENDED MARCH 31, 2023

(vii) Bridge loans to companies against expected equity flows/issues	-	-
(viii) All exposures to Venture Capital Funds (both registered and unregistered)	350.20	317.51
Total Exposure to Capital Market	9,382.90	9,345.55

### (d) Penalties / fines imposed by the RBI

During the year ended March 31, 2023 there was no penalty imposed by the RBI (Preceding Year Nil).

### 40. THE FOLLOWING ADDITIONAL INFORMATION IS DISCLOSED IN TERMS OF THE RBI CIRCULAR (REF. NO. RBI/2019-20/170 DOR (NBFC).CC.PD.NO.109/22.10.106/2019-20 DATED MARCH 13, 2020):

#### For year ended March 31, 2023

(₹ in crore)

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
1	2	3	4	(5)=(3)-(4)	6	(7)=(4)-(6)
<b>Performing Assets</b>						
Standard	Standard	-	-	-	-	-
<b>Non-Performing Assets (NPA)</b>						
Substandard	Stage 3	-	-	-	-	-
<b>Doubtful</b>						
up to 1 year	-	-	-	-	-	-
1 to 3 years	-	-	-	-	-	-
More than 3 years	-	-	-	-	-	-
<b>Loss</b>						
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 3	-	-	-	-	-
Total		-	-	-	-	-

#### For year ended March 31, 2022

(₹ in crore)

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
1	2	3	4	(5)=(3)-(4)	6	(7)=(4)-(6)
<b>Performing Assets</b>						
Standard	Standard	2.01	-	2.01	-	-
<b>Non-Performing Assets (NPA)</b>						
Substandard	Stage 3	-	-	-	-	-
<b>Doubtful</b>						
up to 1 year	-	-	-	-	-	-
1 to 3 years	-	-	-	-	-	-
More than 3 years	-	-	-	-	-	-
<b>Loss</b>						
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 3	-	-	-	-	-
Total		2.01	-	2.01	-	-

**41. ADDITIONAL DISCLOSURES**

**(a) Provisions and Contingencies**

**Break up of 'Provisions and Contingencies' shown under the head expenditure in the Statement of Profit and Loss:**

	(₹ in crore)	
	As at March 31, 2023	As at March 31, 2022
Impairment on financial instruments	0.73	(0.23)
<b>Total</b>	<b>0.73</b>	<b>(0.23)</b>

**(b) Disclosure of complaints**

The following table sets forth, the movement and the outstanding number of complaints:

	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Shareholders' complaints:</b>		
No. of complaints pending at the beginning of the year	Nil	Nil
No. of complaints received during the year	11	2
No. of complaints disposed off during the year	10	2
No. of complaints remaining unresolved at the end of the year	1	Nil

The above information is certified by management and relied upon by the auditors.

**42. RATINGS ASSIGNED BY CREDIT RATING AGENCIES AND MIGRATION OF RATINGS DURING THE YEAR :**

The last rating taken by the Company was withdrawn on January 27, 2020.

**43. DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA CIRCULAR DOR.NBFC (PD) CC. NO.102/03.10.001 /2019-20 DATED NOVEMBER 4, 2019 PERTAINING TO LIQUIDITY RISK MANAGEMENT FRAMEWORK FOR NON-BANKING FINANCIAL COMPANIES:**

As per the RBI circular dated 4<sup>th</sup> Nov 2019 circular no RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 all non-deposit taking NBFCs with asset size of ₹ 5,000 crore and above but less than ₹ 10,000 crore, shall maintain a liquidity buffer in terms of Liquidity Coverage Ratio ('LCR') which will promote resilience of NBFCs to potential liquidity disruptions by ensuring that they have sufficient High Quality Liquid Asset (HQLA) to survive any acute liquidity stress scenario lasting for 30 days.

From	December 1, 2020	December 1, 2021	December 1, 2022	December 1, 2023	December 1, 2024
Minimum LCR	30%	50%	60%	85%	100%

As per the above requirement, IDFC Limited is required to maintain LCR from 1 December 2020.

Main drivers to the LCR numbers: All significant outflows and inflows determined in accordance with RBI guidelines are included in the prescribed LCR computation.

Composition of HQLA: The HQLA maintained by the Company comprises cash balance maintained in current account.

Detailed LCR template is presented below according to the format given in RBI circular:

	(₹ in crore)							
Particulars	Q1 FY23		Q2 FY23		Q3 FY23		Q4 FY23	
	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)
<b>High Quality Liquid Assets</b>								
1. Total High Quality Liquid Assets (HQLA)	3.01	3.01	111.92	111.92	0.38	0.38	110.86	110.86
<b>Cash Outflows</b>								
2. Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
3. Unsecured wholesale funding	-	-	-	-	-	-	-	-
4. Secured wholesale funding	-	-	-	-	-	-	-	-

## NOTES TO STANDALONE FINANCIAL STATEMENT

FOR THE YEAR ENDED MARCH 31, 2023

5. Additional requirements, of which								
(i) Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
(ii) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii) Credit and liquidity facilities	-	-	-	-	-	-	-	-
6. Other contractual funding obligations	15.44	17.75	16.68	19.18	0.81	0.93	0.62	0.71
7. Other contingent funding obligations	-	-	-	-	-	-	-	-
<b>8. TOTAL CASH OUTFLOWS</b>	<b>15.44</b>	<b>17.75</b>	<b>16.68</b>	<b>19.18</b>	<b>0.81</b>	<b>0.93</b>	<b>0.62</b>	<b>0.71</b>
<b>Cash Inflows</b>								
9. Secured lending	-	-	-	-	-	-	-	-
10. Inflows from fully performing exposures	-	-	-	-	-	-	-	-
11. Other cash inflows	0.02	0.01	1.17	0.88	137.34	103.01	0.05	0.04
<b>12. TOTAL CASH INFLOWS</b>	<b>0.02</b>	<b>0.01</b>	<b>1.17</b>	<b>0.88</b>	<b>137.34</b>	<b>103.01</b>	<b>0.05</b>	<b>0.04</b>
	Total Adjusted Value		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value	
13. TOTAL HQLA		3.01		111.92		0.38		110.86
14. TOTAL NET CASH OUTFLOWS		17.74		18.30		0.22		0.67
15. LIQUIDITY COVERAGE RATIO (%)		<b>17%</b>		<b>61%</b>		<b>169%</b>		<b>16658%</b>

High Quality Liquid Assets (HQLA)	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)
Assets to be included as HQLA without any haircut	3.01	3.01	111.92	111.92	0.38	0.38	110.86	110.86
Assets to be considered for HQLA with a minimum haircut of 15%	-	-	-	-	-	-	-	-
Assets to be considered for HQLA with a minimum haircut of 50%	-	-	-	-	-	-	-	-
Approved securities held as per the provisions of section 45 IB of RBI Act	-	-	-	-	-	-	-	-
<b>Total HQLA</b>	<b>3.01</b>	<b>3.01</b>	<b>111.92</b>	<b>111.92</b>	<b>0.38</b>	<b>0.38</b>	<b>110.86</b>	<b>110.86</b>

(₹ in crore)

Particulars	Q1 FY22		Q2 FY22		Q3 FY22		Q4 FY22	
	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)
<b>High Quality Liquid Assets</b>								
1. Total High Quality Liquid Assets (HQLA)	1.84	1.84	3.88	3.88	10.27	10.27	11.23	11.23
<b>Cash Outflows</b>								
2. Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
3. Unsecured wholesale funding	-	-	-	-	-	-	-	-
4. Secured wholesale funding	-	-	-	-	-	-	-	-
5. Additional requirements, of which								
(i) Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
(ii) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii) Credit and liquidity facilities	-	-	-	-	-	-	-	-
6. Other contractual funding obligations	0.89	1.02	1.65	1.90	1.54	1.77	0.54	0.62
7. Other contingent funding obligations	-	-	-	-	-	-	-	-
<b>8. TOTAL CASH OUTFLOWS</b>	<b>0.89</b>	<b>1.02</b>	<b>1.65</b>	<b>1.90</b>	<b>1.54</b>	<b>1.77</b>	<b>0.54</b>	<b>0.62</b>
<b>Cash Inflows</b>								
9. Secured lending	-	-	-	-	-	-	-	-
10. Inflows from fully performing exposures	-	-	-	-	-	-	-	-
11. Other cash inflows	0.08	0.06	0.02	0.02	0.01	0.01	2.34	1.76
<b>12. TOTAL CASH INFLOWS</b>	<b>0.08</b>	<b>0.06</b>	<b>0.02</b>	<b>0.02</b>	<b>0.01</b>	<b>0.01</b>	<b>2.34</b>	<b>1.76</b>



## NOTES TO STANDALONE FINANCIAL STATEMENT

FOR THE YEAR ENDED MARCH 31, 2023

	Total Adjusted Value	Total Adjusted Value	Total Adjusted Value	Total Adjusted Value
13. TOTAL HQLA	1.84	3.88	10.27	11.23
14. TOTAL NET CASH OUTFLOWS	0.96	1.88	1.76	0.16
15. LIQUIDITY COVERAGE RATIO (%)	<b>190%</b>	<b>206%</b>	<b>585%</b>	<b>6850%</b>

High Quality Liquid Assets (HQLA)	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)
Assets to be included as HQLA without any haircut	1.84	1.84	3.88	3.88	10.27	10.27	11.23	11.23
Assets to be considered for HQLA with a minimum haircut of 15%	-	-	-	-	-	-	-	-
Assets to be considered for HQLA with a minimum haircut of 50%	-	-	-	-	-	-	-	-
Approved securities held as per the provisions of section 45 IB of RBI Act	-	-	-	-	-	-	-	-
<b>Total HQLA</b>	1.84	1.84	3.88	3.88	10.27	10.27	11.23	11.23

#### 44 THE DISCLOSURE ON THE FOLLOWING MATTERS REQUIRED UNDER SCHEDULE III AS AMENDED ON MARCH 24, 2021 NOT BEING RELEVANT OR APPLICABLE IN CASE OF THE COMPANY, SAME ARE NOT COVERED:

- (i) The Company has not traded or invested in crypto currency or virtual currency during the financial year.
- (ii) No proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- (iii) The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.
- (iv) No satisfaction of charges are pending to be filed with ROC.
- (v) There are no transactions which are not recorded in the books of account which have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.
- (vi) The Company had entered into scheme of arrangement, details of which are disclosed in Note 1A. The Company filed petition with National Company Law Tribunal (NCLT) - Chennai and NCLT has passed the order on November 22, 2022 in favor of the Company. The Company has given effect to the order and have prepared merged accounts for all the periods appearing in the result. Consequently, all previous periods presented in the statement have been restated.
- (vii) There have been no revaluation of Plant, Property and Equipment during the current year.
- (viii) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
  - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
  - (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (ix) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
  - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
  - (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (x) The Company has not advanced any loans or advances in the nature of loans to specified persons viz. promoters, directors, KMPs, related parties; which are repayable on demand or where the agreement does not specify any terms or period of repayment.

## NOTES TO STANDALONE FINANCIAL STATEMENT

FOR THE YEAR ENDED MARCH 31, 2023

(xi) The Company has not entered into any transaction with Struck off Companies other than those stated below:

Name of struck off Company	Nature of transactions with struck-off Company	Balance outstanding (No.of shares as on March 31, 2023)	Balance outstanding (No.of shares as on March 31, 2022)
ARPITA TRADING	Shares held by struck off company	-	4,500
JALAN HOLDINGS PRIVATE LIMITED		-	1,500
SAFNA CONSULTANCY PVT LTD		500	500
YOGESH INVESTMENT PVT.LTD.		200	200
VINAYAK CONSULTING PRIVATE LIMITED		10	10
KOTHARI INTERGROUP LTD.		2	2
VAISHAK SHARES LIMITED		1	1
DREAMS BROKING PVT LTD		1	1
AVNI FINANCIAL ADVISORS PRIVATE LIMITED		400	-
SIDDHA PAPERS PRIVATE LIMITED		25	-
BINODINI PROJECTS LIMITED		15	-

### 45 OTHER DISCLOSURES:

(i) The Company did not have any long term contracts including derivative contracts for which there are any material losses.

### 46 CONSIDERING THE NATURE OF THE BUSINESS OF THE ENTITY AND TRANSACTIONS ENTERED DURING THE YEAR ENDED MARCH 31, 2022 AND MARCH 31, 2021 FOLLOWING DISCLOSURES REQUIRED AS PER NBFC CIRCULAR DNBR (PD) CC.NO.008/03.10.119/2016-17 DATED SEPTEMBER 01, 2016 (UPDATED AS ON APRIL 1, 2022) ARE NOT APPLICABLE TO THE COMPANY AND HENCE ARE NOT DISCLOSED:

- (i) Disclosures regarding Derivatives.
- (ii) Disclosures relating to Securitization.
- (iii) Exposure to Real Estate Sector.
- (iv) Details of financing of parent company products.
- (v) Detail of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC.
- (vi) Unsecured Advances.
- (vii) Concentration of Deposits, Advances, Exposures and NPAs.
- (viii) Sector-wise NPAs.
- (ix) Overseas Assets (for those with Joint Ventures and Subsidiaries abroad).
- (x) Off-balance sheet SPVs sponsored.
- (xi) Intra-group exposures.
- (xii) Unhedged foreign currency exposure.

47 The figures of ₹ 50,000 or less have been denoted by β.

48 Previous year numbers have been regrouped / rearranged wherever necessary, in order to make them comparable. There are no significant regrouping / reclassification during the year. Also refer note 24 above.

#### For KKC & Associates LLP

(formerly Khimji Kunverji & Co LLP)  
Chartered Accountants  
Firm Registration No. 105146W/ W100621

#### Devang Doshi

Partner  
Membership Number: 140056

For and on behalf of the Board of Directors of

**IDFC Limited**  
CIN: L65191TN1997PLC037415

#### Anil Singhvi

Non-Executive Chairman  
(DIN: 00239589)

#### Mahendra N. Shah

Managing Director  
(DIN: 00124629)

#### Shivangi Mistry

Company Secretary  
(ACS: 52174)

#### Bipin Gemani

Chief Financial Officer  
(PAN: AACPG6412A)

Mumbai, May 04, 2023

# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF IDFC LIMITED

### Report on the audit of the Consolidated Financial Statements

#### Opinion

1. We have audited the accompanying consolidated Ind AS financial statements of IDFC Limited ('the Holding Company' or 'the Parent') and its subsidiaries (the Parent and its subsidiaries together referred to as 'the Group'), its associates and joint ventures, which comprise the consolidated balance sheet as at 31 March 2023 and the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information ('the Consolidated Financial Statements').
2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements of such subsidiaries, associates and joint ventures as were audited by the other auditors, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associates and joint ventures as at 31 March 2023, and its consolidated profit and other comprehensive income, consolidated changes in equity and its consolidated cash flows for the year then ended.

#### Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing ('SAs') specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, its associates and joint ventures in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements under the provisions of the Act, and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained along with the consideration of audit reports of the other auditors referred to in the 'Other Matters' paragraph below is sufficient and appropriate to provide a basis for our opinion on the Consolidated Financial Statements.

#### Emphasis of Matter

4. We draw attention to note 35(f)(i) to the Consolidated Financial Statements mentioning that the Holding Company is in process of appointing new directors on its Board to comply with Regulation 17(1)(c) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Our opinion on the Consolidated Financial Statements is not modified in respect of the above matter.

#### Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current year. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the matter was addressed in our audit
<p>Assessment of valuation of investments measured at fair value for which no listed price in an active market is available and valuation is carried out basis market information and significant unobservable inputs. (Refer note 38 to the Consolidated Financial Statements.)</p> <p>The Group has investments in Venture Capital Funds ("VCF") units amounting to Rs. 347.82 crores measured at fair value, where no listed price in an active market is available. The corresponding fair value change is recognised in statement of profit and loss in accordance with related Accounting Standard (Ind-AS 109).</p> <p>In measuring the fair value of these investments, the management considers the net asset value ("NAV") declared by the investment managers of the VCF unit. NAV is considered as a significant unobservable input as the Group does not have direct access to the valuations of the underlying portfolio companies in which the VCFs have invested.</p>	<p>The following procedures were performed by us to test the valuation of investments which are measured at fair value for which no listed price in an active market is available:</p> <ol style="list-style-type: none"><li>a. We obtained an understanding from the management, assessed and tested the design and operating effectiveness of the Group's control over assessment of fair value of investments.</li><li>b. We verified that requisite approvals are in place with regards to Management's assessment of fair valuation of investments in VCF.</li><li>c. We traced the inputs used in the calculation from the source data (Statement of Accounts, NAV declared etc.) to verify the arithmetical accuracy of the calculation of valuation of investments.</li><li>d. We evaluated the adequacy of the disclosures in the consolidated financial statements.</li></ol> <p>Based on our above audit procedures, we consider that the management's assessment of the fair value of the above investments for which no listed price in an active market is available is reasonable.</p>

## INDEPENDENT AUDITOR'S REPORT

<p>The management also reviews the performance of the portfolio companies on a regular basis by tracking the latest available financial statements/financial information, valuation report of independent valuers, investor communications and basis the said assessment determines whether any discount is required to be applied on the NAV communicated by the investment managers of VCF. The assessment made by the management also takes into consideration the illiquidity considering the said investments are not actively traded in the market. The assessment prepared by the management is placed before the Board of Directors for their approval at regular intervals. Considering the inherent subjectivity in the valuation of the above investments, relative significance of these investments to the consolidated financial statements and the nature and extent of the audit procedures involved, we determined this to be a key audit matter.</p>	
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### Other Information

6. The Holding Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's annual report, but does not include the Consolidated Financial Statements and our auditors' report thereon. The Other Information is expected to be made available to us after the date of this auditor's report.
7. Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.
8. In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and based on the work done / audit report of other auditors, we conclude that there is a material misstatement of this other information, we are required to report that fact.

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

9. The Holding Company's Board of Directors are responsible for the preparation and presentation of these Consolidated Financial Statements, that give a true and fair view of the consolidated state of affairs, consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group including its associates and joint ventures in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group, its associates and joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group, its associates and joint ventures and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.
10. In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group, its associates and joint ventures are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
11. The respective Board of Directors of the companies included in the Group, its associates and joint ventures are responsible for overseeing the financial reporting process of the Group, its associates and joint ventures.

### Auditor's responsibilities for the audit of the Consolidated Financial Statements

12. Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.
13. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
  - 13.1. Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

## INDEPENDENT AUDITOR'S REPORT

- 13.2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to the Consolidated Financial Statements and the operating effectiveness of such controls.
- 13.3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- 13.4. Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group, its associates and joint ventures to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group, its associates and joint ventures to cease to continue as a going concern.
- 13.5. Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 13.6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group, its associates and joint ventures to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the Consolidated Financial Statements of which we are the independent auditors. For the other entities included in the Consolidated Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.
14. We communicate with those charged with governance of the Holding Company and such other entities included in the Consolidated Financial Statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
15. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
16. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other Matter

17. We draw attention to note 35(a) of the Consolidated Financial Statements which highlights that as part of simplification of corporate structure, the Board of Directors of the Parent along with its three Wholly Owned Subsidiaries ("WOS") IDFC Alternatives Limited, IDFC Trustee Company Limited and IDFC Projects Limited, approved the merger of WOS into the Parent, subject to receiving regulatory approvals from various authorities. Post Board approval, the Parent along with its three WOS has filed scheme of amalgamation with Official Liquidator ("OL") - Chennai and Regional Director / Registrar of Companies ("ROC") - Chennai on 06 December 2021. The ROC, Chennai vide its letter dated 01 February 2022 intimated no observation / suggestions to the aforesaid scheme of amalgamation. Also, the OL of Madras High Court vide its letter dated 24 March 2022 communicated no observation to the aforesaid scheme of amalgamation. The Parent filed petition with National Company Law Tribunal ("NCLT") - Chennai on 13 April 2022. NCLT heard the petition on 20 October 2022 and passed the order on 22 November 2022 in favour of the Parent. Appointed date of the merger is 01 April 2021. Our opinion on the Consolidated Financial Statements is not modified in respect of this matter.
18. We did not audit the financial statements of one subsidiary, whose financial statements reflect total assets of Rs. 10,822.44 crores (before consolidation adjustment) as at 31 March 2023, total revenues of Rs. 3,676.31 crores (before consolidation adjustment) and net cash outflow amounting to Rs.1,930.36 crores (before consolidation adjustment) for the year ended on that date, as considered in the Consolidated Financial Statements. The Consolidated Financial Statements also include the Group's share of net profit of Rs. 974.18 crores for the year ended 31 March 2023, as considered in the Consolidated Financial Statements, in respect of three associates, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiary and associates, and our report in terms of section 143(3) of the Act, in so far as it relates to the aforesaid subsidiary and associates, is based solely on the reports of the other auditors.
19. The Consolidated Financial Statements also include the Group's share of net profit of Rs. Nil for the year ended 31 March 2023, as considered in the Consolidated Financial Statements, in respect of two associates and three joint ventures, whose financial information have not been audited by us. These financial information are unaudited and have been furnished to us by the Management

## INDEPENDENT AUDITOR'S REPORT

and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these joint venture and associates, and our report in terms of section 143(3) of the Act in so far as it relates to the aforesaid joint venture and associates, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial information are not material to the Group.

20. The consolidated financial statements also include profit after tax from discontinued operation amounting to Rs. 87.16 crores pertaining to four subsidiaries whose financial statements, upto the date of sale, have not been audited by their auditors. This unaudited financial information have been furnished to us by the Board of Directors and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Board of Directors, since the investment in these subsidiaries is sold and consideration has been received by the Parent on 31 January 2023, the impact of the financial information of these subsidiaries is not material to the Group.
21. Our opinion on the Consolidated Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

### Report on Other Legal and Regulatory Requirements

22. As required by section 143(3) of the Act, based on our audit and on the consideration of audit reports of the other auditors on separate financial statements of such subsidiaries, associates and joint ventures as were audited by other auditors, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:
  - 22.1. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.
  - 22.2. In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - 22.3. The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flow dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.
  - 22.4. In our opinion, the aforesaid Consolidated Financial Statements comply with the Ind AS specified under Section 133 of the Act.
  - 22.5. On the basis of the written representations received from the directors of the Holding Company as on 31 March 2023, taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, associate companies and joint ventures incorporated in India, none of the directors of the Group companies, its associate companies and joint ventures incorporated in India are disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164(2) of the Act.
  - 22.6. With respect to the adequacy of internal financial controls with reference to the Consolidated Financial Statements of the Holding Company, its subsidiary companies, associate companies and joint ventures incorporated in India and the operating effectiveness of such controls, refer to our separate report in 'Annexure A'.
  - 22.7. In our opinion and according to the information and explanations given to us and based on the reports of the statutory auditors of such subsidiary companies, associate companies and joint ventures incorporated in India which were not audited by us, the remuneration paid during the current year by the Holding Company, its subsidiary companies, associate companies and joint ventures incorporated in India to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company, its subsidiary companies, associate companies and joint ventures incorporated in India is not in excess of the limit laid down under Section 197 of the Act.
23. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of audit reports of the other auditors on separate financial statements of such subsidiaries, associates and joint ventures, as noted in the 'Other Matters' paragraph:
  - 23.1. The Consolidated Financial Statements disclose the impact of pending litigations as at 31 March 2023 on the consolidated financial position of the Group, its associates and joint ventures - Refer Note 32 to the consolidated financial statements.
  - 23.2. The Group, its associates and joint ventures did not have any material foreseeable losses on long-term contracts including derivative contracts.
  - 23.3. There has been no delay in transferring amounts required to be transferred, to the Investor Education and Protection Fund by the Holding Company and/or its subsidiary companies, associate companies and joint ventures incorporated in India during the year ended 31 March 2023.
  - 23.4. The respective managements of the Holding Company, its subsidiaries, associates and joint ventures incorporated in India

## INDEPENDENT AUDITOR'S REPORT

whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries, associates and joint ventures respectively, to best of their knowledge and belief, that no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiaries, associates and joint ventures to or in any other person(s) or entity(ies), including foreign entities ('Intermediaries'), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company or any of such subsidiaries, associates and joint ventures ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

23.5. The respective managements of the Holding Company, its subsidiaries, associates and joint ventures which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries, associates and joint ventures respectively, to best of their knowledge and belief, that no funds have been received by the Holding Company or any of such subsidiaries, associates and joint ventures from any person(s) or entity(ies), including foreign entities ('Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiaries, associates and joint ventures shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

23.6. Based on such audit procedures, that has been considered reasonable and appropriate in the circumstances, performed by us and those performed by auditors of the subsidiaries, associates and joint ventures incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or other auditors to believe that the representation under para 23.4 and 23.5 contain any material misstatement.

23.7. In our opinion and according to the information and explanations given to us, the dividend declared and / or paid during the year by the Holding Company, its associates and joint ventures incorporated in India is in compliance with Section 123 of the Act.

24. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 (as amended), provides for the feature of recording of audit trail (edit log) facility in the accounting software used by the Group, its associates and joint ventures, incorporated in India for maintenance of books of account, which is applicable to the Group, its associates and joint ventures, incorporated in India from financial year beginning 1 April 2023. The reporting under clause (g) of Rule 11 of Companies (Audit and Auditors) Rules, 2014 would be done from financial year 2023-2024 onwards.
25. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 ('CARO') issued by Central Government in terms of Section 143(11) of the Act, to be included in Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by us for the Parent and based on our consideration of CARO reports issued by respective auditors of the companies included in consolidated financial statements, we report that there are no qualifications or adverse remarks in these CARO reports.

For **KKC & Associates LLP**

Chartered Accountants

(formerly Khimji Kunverji & Co LLP)

Firm Registration Number: 105146W/W100621

**Devang Doshi**

Partner

ICAI Membership No: 140056

UDIN: 23140056BGZQQW1984

Place: Mumbai

Date: 04 May 2023

## ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

### ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF IDFC LIMITED FOR THE YEAR ENDED 31 MARCH 2023

(Referred to in paragraph '22.6' under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

#### Report on the Internal Financial Controls with reference to the aforesaid Consolidated Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

##### Opinion

1. In conjunction with our audit of the Consolidated Financial Statements of IDFC Limited as of and for the year ended 31 March 2023, we have audited the internal financial controls with reference to the Consolidated Financial Statements of IDFC Limited ('the Holding Company') and its subsidiary companies its associate companies and joint ventures, which are companies incorporated in India, as of that date.
2. In our opinion, the Holding Company and its subsidiary companies, and its associate companies and joint ventures, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls with reference to the Consolidated Financial Statements and such internal financial controls were operating effectively as at 31 March 2023, based on the internal controls over financial reporting criteria established by the respective companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('the Guidance Note').

##### Management's responsibility for Internal Financial Controls

3. The respective Board of Directors of the Holding Company, its subsidiary companies, its associate companies and joint ventures, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the internal controls over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

##### Auditor's responsibility

4. Our responsibility is to express an opinion on the Holding Company, its subsidiaries, its associates and joint ventures, which are companies incorporated in India, internal financial controls with reference to the Consolidated Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing ('SA'), prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to the Consolidated Financial Statements. Those SAs and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to the Consolidated Financial Statements were established and maintained and if such controls operated effectively in all material respects.
5. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to the Consolidated Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to the Consolidated Financial Statements included obtaining an understanding of internal financial controls with reference to the Consolidated Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error.
6. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the 'Other Matters' paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to the Consolidated Financial Statements.

##### Meaning of Internal Financial controls with reference to the Consolidated Financial Statements

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

##### Inherent Limitations of Internal Financial Controls with reference to the Consolidated Financial Statements

8. Because of the inherent limitations of internal financial controls with reference to the Consolidated Financial Statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to the Consolidated



## **ANNEXURE A TO INDEPENDENT AUDITORS' REPORT**

Financial Statements to future periods are subject to the risk that the internal financial controls with reference to the Consolidated Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Other Matters**

9. Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls system with reference to the Consolidated Financial Statements in so far as it relates to one subsidiary company and three associate companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiary and associates incorporated in India.

For **KKC & Associates LLP**

Chartered Accountants

(formerly Khimji Kunverji & Co LLP)

Firm Registration Number: 105146W/W100621

**Devang Doshi**

Partner

ICAI Membership No: 140056

UDIN: 23140056BGZQQW1984

Place: Mumbai

Date: 04 May 2023

# CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2023

	Notes	As at March 31, 2023	(₹ in crore) As at March 31, 2022
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash and cash equivalents	3	157.94	286.47
Bank balances other than cash and cash equivalents	4	219.52	1.55
Receivables			
(i) Other receivables	5	-	2.01
Investments	6		
- Accounted for using equity method		10,872.80	7,401.21
- Others		347.82	301.26
Other financial assets	7	1.31	1.15
<b>Non-financial assets</b>			
Income tax assets (net)	8	79.97	18.98
Property, plant and equipment	9	0.07	0.17
Other intangible assets	10	-	-
Other non-financial assets	11	2.99	0.29
Assets directly associated with disposal group classified as held for sale	29	3.79	1,151.01
<b>Total assets</b>		<b>11,686.21</b>	<b>9,164.10</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>Financial liabilities</b>			
Payables			
(I) Trade payables	12A		
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
(II) Other payables	12B		
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		40.71	4.53
Other financial liabilities	13	5.02	3.25
<b>Non-financial Liabilities</b>			
Income tax liabilities (net)	14	0.55	-
Provisions	15	0.14	-
Deferred tax liabilities (net)	16	36.25	18.08
Other non-financial liabilities	17	6.34	1.36
Liabilities directly associated with disposal group classified as held for sale	29	-	210.24
<b>EQUITY</b>			
Equity share capital	18	1,599.99	1,596.44
Other equity	19	9,997.21	7,330.20
<b>Equity attributable to owners of IDFC Limited</b>		<b>11,597.20</b>	<b>8,926.64</b>
<b>Total liabilities and equity</b>		<b>11,686.21</b>	<b>9,164.10</b>

See accompanying notes to the consolidated financial statements.

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

## For KKC & Associates LLP

(formerly Khimji Kunverji & Co LLP)  
Chartered Accountants  
Firm Registration No. 105146W/ W100621

## Devang Doshi

Partner  
Membership Number: 140056

For and on behalf of the Board of Directors of

## IDFC Limited

CIN: L65191TN1997PLC037415

## Anil Singhvi

Non-Executive Chairman  
(DIN: 00239589)

## Mahendra N. Shah

Managing Director  
(DIN: 00124629)

## Shivangi Mistry

Company Secretary  
(ACS: 52174)

## Bipin Gemani

Chief Financial Officer  
(PAN: AACPG6412A)

Mumbai, May 04, 2023

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2023

	Notes	Year ended March 31, 2023	Year ended March 31, 2022
(₹ in crore)			
<b>REVENUE FROM OPERATIONS</b>			
Interest income	20	23.69	0.37
Net gain / (loss) on fair value changes	21	130.14	87.40
<b>Total revenue from operations</b>		153.83	87.77
Other income	22	0.41	3.11
Total income		154.24	90.88
<b>EXPENSES</b>			
Impairment on financial instruments	23	0.73	0.75
Employee benefits expenses	24	7.57	11.06
Depreciation, amortisation and impairment	25	0.08	0.11
Other expenses	26	55.30	14.27
Total expenses		63.68	24.69
<b>Profit/(Loss) before share of net profits of investments accounted for using equity method and tax</b>		90.56	66.19
Share of net profit/(loss) of associates accounted for using equity method		974.18	7.30
<b>Profit/(Loss) before tax from continuing operations</b>		1,064.74	73.49
<b>INCOME TAX EXPENSE:</b>			
	27		
- Current tax		372.95	45.72
- Deferred tax charge / (credit)		18.17	17.50
- Tax adjustment for prior years		0.29	(2.72)
Total tax expense		391.41	60.50
Profit/(Loss) from continuing operations		673.33	12.99
<b>DISCONTINUED OPERATIONS</b>			
Profit/(loss) from discontinued operations		3,600.27	113.26
Income tax expense of discontinued operations		29.67	61.94
<b>Net profit/(loss) from discontinued operation</b>		3,570.60	51.32
<b>Profit/(loss) for the year</b>		4,243.93	64.31
<b>OTHER COMPREHENSIVE INCOME ('OCI')</b>			
Items that will not be reclassified to profit or loss			
- Remeasurements of post-employment benefit obligations		(0.13)	(0.12)
- OCI arising from discontinued operation		1.53	0.89
- Share of OCI of associates and joint ventures accounted for using equity method		96.91	18.50
- Income tax relating to these items		0.03	0.03
Items that will be reclassified to profit or loss			
- Share of OCI of associates and joint ventures accounted for using equity method		(59.13)	108.53
- OCI arising from discontinued operation		-	-
- Income tax relating to these items		-	-
<b>Other comprehensive income (net of tax)</b>		39.21	127.83
<b>Total comprehensive income</b>		4,283.14	192.14

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2023

	Notes	Year ended March 31, 2023	Year ended March 31, 2022
(₹ in crore)			
<b>Net Profit/(Loss) is attributable to:</b>			
- Owners		4,243.89	64.03
- Non-controlling interests		0.04	0.28
<b>Other comprehensive income is attributable to:</b>			
- Owners		39.21	127.83
- Non-controlling interests		-	-
<b>Total comprehensive income is attributable to:</b>			
- Owners		4,283.10	191.86
- Non-controlling interests		0.04	0.28
<b>Total comprehensive income attributable to owners:</b>			
- Continuing operations		711.01	139.93
- Discontinued operations		3,572.13	52.21
<b>Earnings per equity share (for continuing operations):</b>	31		
- Basic (₹)		4.21	0.08
- Diluted (₹)		4.21	0.08
<b>Earnings per equity share (for discontinued operations):</b>			
- Basic (₹)		22.35	0.32
- Diluted (₹)		22.35	0.32
<b>Earnings per equity share (for continuing and discontinued operations):</b>			
- Basic (₹)		26.56	0.40
- Diluted (₹)		26.56	0.40

See accompanying notes to the consolidated financial statements.

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

**For KKC & Associates LLP**  
(formerly Khimji Kunverji & Co LLP)  
Chartered Accountants  
Firm Registration No. 105146W/ W100621

**Devang Doshi**  
Partner  
Membership Number: 140056

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

**Anil Singhvi**  
Non-Executive Chairman  
(DIN: 00239589)

**Shivangi Mistry**  
Company Secretary  
(ACS: 52174)

**Mahendra N. Shah**  
Managing Director  
(DIN: 00124629)

**Bipin Gemani**  
Chief Financial Officer  
(PAN: AACPG6412A)

Mumbai, May 04, 2023

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2023

A. Equity share capital		Number		Amount		(₹ in crore)	
<b>As at March 31, 2021</b>		1,596,358,316		1,596.36			
Issued during the year		77,626		0.08			
<b>As at March 31, 2022</b>		1,596,435,942		1,596.44			
Issued during the year		3,548,494		3.55			
<b>As at March 31, 2023</b>		1,599,984,436		1,599.99			

B. Other equity		Reserves and surplus					Other comprehensive income		Total other equity
	Securities premium	Special reserve u/s. 36(1) (viii) of the Income-tax Act, 1961	Special reserve u/s. 45-IC of the RBI Act, 1934	General reserve	Surplus in the statement of profit and loss	Share options outstanding account	Foreign currency translation reserve	Equity instruments through OCI	
<b>As at March 31, 2021</b>	2,505.88	2,642.23	1,169.15	656.79	(375.28)	15.75	0.03	3.97	6,618.52
Profit for the year from continuing and discontinuing operations	-	-	-	-	64.03	-	-	-	64.03
Other comprehensive income / (loss)	-	-	-	-	127.83	-	-	-	127.83
<b>Total comprehensive income for the year</b>	-	-	-	-	191.86	-	-	-	191.86
Transactions with owners in their capacity as owners:									
- Share based payments:									
i) Employee stock option expense for the year	-	-	-	-	-	2.01	-	-	2.01
ii) Options exercised during the year	0.31	-	-	-	-	-	-	-	0.31
iii) Options lapsed during the year	-	-	-	-	-	-	-	-	-
iv) Options cancelled during the year	-	-	-	10.45	-	(11.04)	-	-	(0.59)
- Others	-	-	-	-	(36.39)	-	-	-	(36.39)
- Share of reserves of associates accounted using equity method of accounting net of deferred tax	-	-	-	-	554.46	-	-	-	554.46
- Transfers to/ from:									
i) Special reserve u/s. 45-IC of the RBI Act, 1934	-	-	70.83	-	(70.83)	-	-	-	-
iii) Foreign currency translation reserve [refer note 19C (g)]	-	-	-	-	3.97	-	0.02	(3.97)	0.02
<b>As at March 31, 2022</b>	2,506.19	2,642.23	1,239.98	667.24	267.79	6.72	0.05	-	7,330.20

	(₹ in crore)								
<b>As at March 31, 2022</b>	2,506.19	2,642.23	1,239.98	667.24	267.79	6.72	0.05	-	7,330.20
Profit for the year from continuing and discontinuing operations	-	-	-	-	4,243.89	-	-	-	4,243.89
Other comprehensive income / (loss)	-	-	-	-	39.21	-	-	-	39.21
<b>Total comprehensive income for the year</b>	-	-	-	-	4,283.10	-	-	-	4,283.10
Transactions with owners in their capacity as owners:									
- Share based payments:									
i) Employee stock option expense for the year	-	-	-	-	-	-	-	-	-
ii) Options exercised during the year	15.88	-	-	-	-	-	-	-	15.88
iii) Options lapsed during the year	-	-	-	-	-	-	-	-	-
iv) Options cancelled during the year	-	-	-	5.73	-	(6.72)	-	-	(0.99)
Dividend paid	-	-	-	-	(1,919.63)	-	-	-	(1,919.63)
- Others	-	-	-	-	25.38	-	(0.05)	-	25.33
- Share of reserves of associates accounted using equity method of accounting net of deferred tax	-	-	-	-	263.32	-	-	-	263.32
- Transfers to/ from:									
i) Special reserve u/s. 45-IC of the RBI Act, 1934	-	-	1,222.64	-	(1,222.64)	-	-	-	-
<b>As at March 31, 2023</b>	2,522.07	2,642.23	2,462.62	672.97	1,697.32	-	-	-	9,997.21

See accompanying notes to the consolidated financial statements.

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

## For KKC & Associates LLP

(formerly Khimji Kunverji & Co LLP)

Chartered Accountants

Firm Registration No. 105146W/ W100621

## Devang Doshi

Partner

Membership Number: 140056

For and on behalf of the Board of Directors of

## IDFC Limited

CIN: L65191TN1997PLC037415

## Anil Singhvi

Non-Executive Chairman

(DIN: 00239589)

## Shivangi Mistry

Company Secretary

(ACS: 52174)

## Mahendra N. Shah

Managing Director

(DIN: 00124629)

## Bipin Gemani

Chief Financial Officer

(PAN: AACPG6412A)

Mumbai, May 04, 2023

# CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE YEAR ENDED MARCH 31, 2023

	Notes	Year ended March 31, 2023	Year ended March 31, 2022
(₹ in crore)			
<b>CASH FLOW FROM OPERATING ACTIVITIES :</b>			
<b>Profit/(Loss) before tax from:</b>			
- Continuing operations		1,064.74	73.49
- Discontinued operations		3,600.27	113.26
- Other Comprehensive Income		39.21	127.83
<b>Profit / (loss) before tax including discontinued operations</b>		<b>4,704.22</b>	<b>314.58</b>
Adjustments :			
Depreciation, amortisation and impairment	25	0.08	0.11
Net loss on sale of property, plant and equipments	26	0.01	-
Impairment of financial instruments	23	0.73	(0.75)
Employee share based payment expense	24	(2.10)	1.54
Net gain / loss on sale of investments including fair valuation	21	(130.14)	(87.40)
Interest income	20	(23.69)	(0.37)
<b>Operating profit / (loss) before working capital changes</b>		<b>4,549.11</b>	<b>227.71</b>
<b>Adjustments for (increase)/ decrease in operating assets:</b>			
Trade receivables	5	2.01	10.75
Other financial assets	7	0.09	12.21
Other non financial assets	11	(2.70)	23.37
<b>Adjustments for increase/ (decrease) in operating liabilities</b>			
Trade payables	12	36.18	(11.25)
Other financial liabilities	13	1.77	(32.76)
Other non financial liabilities	15 & 17	5.12	(77.04)
Cash (used in) / generated from operations		42.47	(74.72)
Less : Income taxes paid (net of refunds)		(463.37)	(109.65)
<b>Net cash inflow / (outflow) from operating activities</b>		<b>4,128.21</b>	<b>43.34</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES :</b>			
Proceeds from sale of disposal group classified as held for sale	29	936.99	(161.61)
Decrease / (Increase) in investments	6	(3,098.24)	288.68
Decrease / (Increase) in property, plant and equipments	9	0.01	20.33
Right of use Assets		-	34.27
Interest received		22.71	0.21
Bank fixed deposits places / matured	4	(217.97)	21.83
<b>Net cash inflow / (outflow) from investing activities</b>		<b>2,356.50</b>	<b>203.71</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES :</b>			
Issue of fresh equity shares	18 & 19	19.43	0.39
Decrease in minority interest		0.04	(3.08)
Dividend paid to shareholders	19	(1,919.63)	-
<b>Net cash inflow / (outflow) from financing activities</b>		<b>(1,900.24)</b>	<b>(2.69)</b>
<b>NET INCREASE / (DECREASE) IN CASH AND BANK BALANCES</b>			
		(128.53)	244.36
Add : Cash and cash equivalents at beginning of the year	3	286.47	42.11
<b>Cash and cash equivalents at end of the year</b>	<b>3</b>	<b>157.94</b>	<b>286.47</b>

The above consolidated statement of cash flow has been prepared under the indirect method set out in IND AS 7- Statement of Cash Flow. The accompanying notes are integral part of these financial statements. This is the statement of cash flow referred to in our report of even date.

**For KKC & Associates LLP**  
(formerly Khimji Kunverji & Co LLP)  
Chartered Accountants  
Firm Registration No. 105146W/ W100621

**Devang Doshi**  
Partner  
Membership Number: 140056

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

**Anil Singhvi**  
Non-Executive Chairman  
(DIN: 00239589)

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Company Secretary  
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**Mahendra N. Shah**  
Managing Director  
(DIN: 00124629)

**Bipin Gemani**  
Chief Financial Officer  
(PAN: AACPG6412A)

Mumbai, May 04, 2023

**BACKGROUND**

IDFC Limited ('the Company') having CIN "L65191TN1997PLC037415" is a public limited company incorporated in India under the provisions of Companies Act, applicable in India and is a Non-Banking Finance Company (NBFC) regulated by the Reserve Bank of India ('RBI'). The registered office of the Company is located 4<sup>th</sup> Floor, Capitale Tower, 555 Anna Salai, Thiru Vi Ka Kudiyiruppu, Teyampet Chennai - 600 018, Tamil Nadu and corporate office located at 906/907, 9<sup>th</sup> Floor, Embassy Centre, Jamnalal Bajaj Road, Nariman Point, Mumbai - 400 021.

The Company had received in principle approval from the RBI to set up a new private sector bank in April 2014. Since October 1, 2015 the Company is operating as NBFC - Investment (NBFC - I).

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

All investment in regulated financial subsidiaries i.e. IDFC Asset Management Company Limited and IDFC AMC Trustee Company Limited are held through its wholly owned subsidiary, IDFC FHCL. Investments in associates comprise of IDFC First Bank Limited which is also held through IDFC FHCL.

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

These consolidated financial statements were authorised for issue by the Board of Directors on May 04, 2023.

The Group along with its three wholly owned subsidiaries viz. IDFC Projects Limited, IDFC Trustee Company Limited and IDFC Alternatives Limited had filed scheme of amalgamation with Official Liquidator ('OL') - Chennai on December 06, 2021 and to Regional Director ('RD') /Registrar of Companies ('ROC') - Chennai through GNL-1 form on December 06, 2021 seeking their objections / suggestions to the said scheme under Section 233 (1) (a) of the Companies Act, 2013 and rules made thereunder. Physical copies of the same have also been filed with the ROC on December 08, 2021. Appointed date for the merger in the scheme is April 1, 2021.

The ROC, Chennai vide its letter dated February 01, 2022 intimated it's no observations/suggestions to the aforesaid scheme of amalgamation. Also, the OL of Madras High Court vide its letter dated March 24, 2022, communicated it's no observations to the aforesaid scheme of amalgamation.

The Company filed petition with National Company Law Tribunal (NCLT) - Chennai on April 13, 2022. NCLT heard the petition on October 20, 2022 and passed the order on November 22, 2022 in favor of the Company. The order is effective from December 09, 2022.

Post approval from NCLT, IDFC Alternatives Limited, IDFC Trustee Company Limited and IDFC Projects Limited are merged with the Holding Company and are no more subsidiaries of the Group.

**1. SIGNIFICANT ACCOUNTING POLICIES**

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

**a) Basis of preparation***(i) Compliance with Ind AS*

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

*(ii) Historical cost convention*

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

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

*(iii) Order of liquidity*

The Group is covered in the definition of Non-Banking Financial Company as defined in Companies (Indian Accounting Standards) (Amendment) Rules, 2016. Pursuant to Ind AS 1 and amendment to Division III of Schedule III to the Companies Act, 2013 on October 11, 2018, the Group presents its balance sheet in the order of liquidity. This is since the Group does not supply goods or services within a clearly identifiable operating cycle, therefore making such presentation more

relevant. A maturity analysis of recovery or settlement of assets and liabilities within 12 months after the reporting date and more than 12 months after the reporting date is presented in Note 37.

**b) Principles of consolidation and equity accounting**

(i) *Subsidiaries*

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

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

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

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

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

(ii) *Associates*

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

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

(iii) *Joint ventures*

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

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

(iv) *Equity method*

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

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

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

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

(v) *Changes in ownership interests*

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

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying



amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

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

**c) Segment reporting**

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

The board of directors of IDFC Limited assesses the financial performance and position of the Group and makes strategic decisions. The board of directors, which has been identified as being the chief operating decision maker, consists of the directors of the Group (both executive and independent). Refer note 30 for segment information presented.

**d) Foreign currency translation**

*(i) Functional and presentation currency*

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

*(ii) Transactions and balances*

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

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

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

*(iii) Group companies*

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

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

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

**e) Financial instruments**

**Initial Recognition and Measurement**

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

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

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

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

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

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

**Debt Instruments**

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

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

- (i) the Group's business model for managing the asset; and
- (ii) the cash flow characteristics of the asset.

**Business model assessment**

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

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

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

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

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

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

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

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

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

**Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost e.g. debentures, bonds etc. A gain or loss on a debt investment that is subsequently measured at amortised cost is recognised in profit or loss when the asset is derecognised

or impaired. Interest income from these financial assets is included in investment income using the effective interest rate method.

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

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

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

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

#### **Equity Instruments**

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

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

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

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

#### **(ii) Impairment**

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

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

Note 39 provides more detail of how the expected credit loss allowance is measured.

#### *Trade receivables and contract assets*

For trade receivables, the Group applies the simplified approach required by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company uses a provision matrix to determine impairment loss allowance on its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated for changes in the forward-looking estimates.

Trade receivable are initially recognised at transaction price.

#### **Interest Income**

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

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

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

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

### (iii) Modification of loans

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

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

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

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

### (iv) De-recognition of financial assets

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

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

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

### Financial liabilities and equity instruments

#### (i) Classification as debt or equity:

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

#### **Equity instruments**

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

(ii) **Classification and subsequent measurement**

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

(iii) **De-recognition of financial liabilities**

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

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

**f) Derivative financial instruments**

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

**g) Offsetting financial instruments**

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

**h) Revenue recognition**

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

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

(i) *Brokerage fees income*

a) Brokerage fees – over time

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

b) Brokerage fees – point in time

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

(ii) *Interest Income*

Interest income is recognised using effective interest rate method.

(iii) *Dividend income*

Dividend income (including from FVOCI investments) is recognised when the Group's right to receive the payment is

established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably. This is generally when the shareholders approve the dividend.

(iv) *Fees, commission and other income*

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

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

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

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

**i) Income Tax**

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

(i) *Current tax*

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

(ii) *Deferred tax*

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

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

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

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

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

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

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

**j) Goods and service tax**

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

- (i) when the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case,

the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable

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

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

#### k) Leases

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

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

##### Group as a lessee

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

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

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

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

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

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

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

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

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

##### Group as a lessor

Lease income from operating leases where the group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature.

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

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

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

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

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

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

## m) Cash and cash equivalents

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

## n) Statement of Cash Flows

Statement of Cash Flows is prepared segregating the cash flows into operating, investing and financing activities. Cash flow from operating activities is reported using indirect method adjusting the net profit for the effects of:

- i. changes during the period in inventories and operating receivables and payables transactions of a non-cash nature;
- ii. non-cash items such as depreciation, provisions, deferred taxes, unrealised foreign currency gains and losses, and undistributed profits of associates and joint ventures; and
- iii. all other items for which the cash effects are investing or financing cash flows.

Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as on the date of Balance Sheet.

## o) Property, plant and equipment

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

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

### (i) Depreciation methods estimated useful lives and residual value

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

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

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

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

## p) Intangible assets

### (i) Goodwill

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

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



(ii) *Computer Software*

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

**q) Impairment of non-financial asset**

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

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

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

**r) Retirement and other employee benefits**(i) *Defined contribution plan*

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

(ii) *Defined benefit plan*

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

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

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

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

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

(iii) *Compensated absences*

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

**s) Provisions, contingent liabilities and Commitments**

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

Contingent liability is disclosed in case of:

- i. a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; and
- ii. a present obligation arising from past events when no reliable estimate is possible.

Commitments are future liabilities for contractual expenditure, classified and disclosed as follows:

- i. estimated amount of contracts remaining to be executed on capital account and not provided for;
- ii. uncalled liability on shares and other investments partly paid;
- iii. other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

**t) Borrowing costs**

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

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

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

**u) Share-based payments**

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

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

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

For cash-settled share-based payments, the fair value of the amount payable to employees is recognised as 'employee benefit expenses' with a corresponding increase in liabilities, over the period of non-market vesting conditions getting fulfilled. The liability is remeasured at each reporting period up to, and including the settlement date, with changes in fair value recognised in employee benefits expenses. Refer Note 40 for details.

**v) Earnings per share**

- (i) Basic earnings per share

Basic earnings per share is calculated by dividing:

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

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

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

**w) Contributed Equity**

Equity shares are classified as equity.

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

**x) Dividends**

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

**y) Rounding off**

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

**z) New and amended standards adopted**

The Company has applied the following amendments to Ind AS for the first time for their annual reporting period commencing April 01, 2022:

- Indian Accounting Standard (Ind AS) 101
- Indian Accounting Standard (Ind AS) 103
- Indian Accounting Standard (Ind AS) 109
- Indian Accounting Standard (Ind AS) 16
- Indian Accounting Standard (Ind AS) 37
- Indian Accounting Standard (Ind AS) 41

**Standards issued but not yet effective upto the date of issuance of the financial statements:**

Ministry of Corporate affairs have made changes on March 31, 2023, in the following Indian Accounting Standards (Ind AS) amended namely:

Indian Accounting Standard (Ind AS) 101

- Indian Accounting Standard (Ind AS) 102
- Indian Accounting Standard (Ind AS) 103
- Indian Accounting Standard (Ind AS) 107
- Indian Accounting Standard (Ind AS) 109
- Indian Accounting Standard (Ind AS) 115
- Indian Accounting Standard (Ind AS) 1
- Indian Accounting Standard (Ind AS) 8
- Indian Accounting Standard (Ind AS) 12
- Indian Accounting Standard (Ind AS) 34

These amendments shall be applicable from annual reporting periods beginning on or after April 01, 2023.

**2. SIGNIFICANT ACCOUNTING JUDGMENTS ESTIMATES AND ASSUMPTIONS**

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

*Judgements*

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

**a) Fair value of financial instruments**

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility. For further details about determination of fair value please see Note 39.

**b) Consolidation decision**

For details regarding consolidation of;

- i) Entity where shareholding is more than 50%, as an associate, and
- ii) Section 8 company, as a subsidiary, Refer note 42.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED MARCH 31, 2023

### 3. CASH AND CASH EQUIVALENTS

(₹ in crore)

	As at March 31, 2023	As at March 31, 2022
Cash on hand	β	β
Balances with banks:		
- In current accounts	3.39	61.48
- In saving accounts	-	1.29
- In deposit accounts	154.55	223.70
<b>Total</b>	<b>157.94</b>	<b>286.47</b>

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

### 4. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in crore)

	As at March 31, 2023	As at March 31, 2022
Balances with banks:		
- In earmarked accounts		
Unclaimed dividend	1.02	1.45
- In deposit accounts	218.50	0.10
<b>Total</b>	<b>219.52</b>	<b>1.55</b>

### 5. OTHER RECEIVABLES

(₹ in crore)

	As at March 31, 2023	As at March 31, 2022
Receivables considered good - Unsecured	-	2.01
Receivables - Credit impaired	-	-
(less): Allowance for impairment loss	-	-
<b>Total</b>	<b>-</b>	<b>2.01</b>

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

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

### 6. INVESTMENTS

(₹ in crore)

	At fair value through			Others*	Total
	Other comprehensive income	Profit or loss	Subtotal		
<b>As at March 31, 2023</b>					
Venture Capital Fund (VCFs)@ Associates	-	347.82	347.82	-	347.82
<b>Total (A) - Gross</b>	-	347.82	347.82	10,872.80	11,220.62
(Less): Impairment loss allowance	-	-	-	-	-
<b>Total (A) - Net</b>	-	347.82	347.82	10,872.80	11,220.62
Investments outside India	-	-	-	-	-
Investments in India	-	347.82	347.82	10,872.80	11,220.62
<b>Total (B) - Gross</b>	-	347.82	347.82	10,872.80	11,220.62
(Less): Impairment loss allowance	-	-	-	-	-
<b>Total (B) - Net</b>	-	347.82	347.82	10,872.80	11,220.62

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED MARCH 31, 2023

### 6. INVESTMENTS (CONTD.)

(₹ in crore)

	At fair value through			Others*	Total
	Other comprehensive income	Profit or loss	Subtotal		
<b>As at March 31, 2022</b>					
Venture Capital Fund (VCFs)@	-	301.26	301.26	-	301.26
Associates	-	-	-	7,401.21	7,401.21
Joint Ventures	-	-	-	105.60	105.60
<b>Total (A) - Gross</b>	-	301.26	301.26	7,506.81	7,808.07
(Less): Impairment loss allowance (see note i)	-	-	-	(105.60)	(105.60)
<b>Total (A) - Net</b>	-	301.26	301.26	7,401.21	7,702.47
Investments outside India	-	-	-	-	-
Investments in India	-	301.26	301.26	7,506.81	7,808.07
<b>Total (B) - Gross</b>	-	301.26	301.26	7,506.81	7,808.07
(Less): Impairment loss allowance	-	-	-	(105.60)	(105.60)
<b>Total (B) - Net</b>	-	301.26	301.26	7,401.21	7,702.47

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

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

i) IDFC Foundation a wholly owned subsidiary, holds investments in two joint venture entities namely Delhi Integrated Multi Modal Transit Systems Limited and Infrastructure Development Corporation (Karnataka) Limited ("JV entities"). Board of Directors of the Holding Company had approved the divestment of these JV entities and have taken necessary steps for the same accordingly, these entities are being classified as assets held for sale. As per IndAS 105 Non-Current Assets Held for Sale needs to be valued at lower of the carrying cost and net realisable value. IDFC Foundation, being a Section 8 company, it prohibits payment of dividend and repatriation of capital back to shareholder, accordingly, the net realisable value of said asset held for sale for the Holding Company is considered as Nil and the figure for the year ended March 31, 2022 are net of write down of Rs. 105.60 crore which was the carrying value of these JV entities.

ii) More information regarding the valuation methodologies are disclosed in Note 38.

### 7. OTHER FINANCIAL ASSETS

(₹ in crore)

	As at March 31, 2023	As at March 31, 2022
Interest accrued on deposits / other advances	1.39	0.41
Security deposits	0.25	0.29
Other receivables	-	0.05
Other deposits	0.63	0.63
<b>Total (A) - Gross</b>	<b>2.27</b>	1.38
(Less): Impairment loss allowance	(0.96)	(0.23)
<b>Total (B) - Net</b>	<b>1.31</b>	1.15

### 8. INCOME TAX ASSETS

(₹ in crore)

	As at March 31, 2023	As at March 31, 2022
Advance payment of Income tax (net of provision)	79.97	18.98
<b>Total</b>	<b>79.97</b>	18.98

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED MARCH 31, 2023

9. PROPERTY, PLANT AND EQUIPMENT	₹ in crore)						Total
	Leasehold improvements	Furniture and fixtures	Vehicles	Office Equipments	Computers		
<b>Year ended March 31, 2022</b>							
Opening gross carrying amount	9.08	1.98	3.18	3.44	13.42	31.10	
Additions	0.32	0.05	-	β	0.07	0.44	
Assets included in disposal group classified as held for sale	(5.99)	(1.94)	(2.66)	(3.17)	(13.33)	(27.09)	
Disposals	(3.41)	(0.09)	β	(0.12)	(0.04)	(3.66)	
<b>Closing gross carrying amount</b>	-	-	0.52	0.15	0.12	0.79	
<b>Accumulated depreciation</b>							
Opening accumulated depreciation	3.04	0.80	1.87	2.36	6.98	15.05	
Depreciation charge during the year	1.76	0.03	0.08	0.10	0.06	2.03	
Assets included in disposal group classified as held for sale	(3.04)	(0.83)	(1.55)	(2.32)	(6.96)	(14.70)	
Disposals	(1.76)	-	-	-	-	(1.76)	
<b>Closing accumulated depreciation</b>	-	-	0.40	0.14	0.08	0.62	
<b>Net carrying amount as at March 31, 2022</b>	-	-	0.12	0.01	0.04	0.17	
<b>Year ended March 31, 2023</b>							
<b>Gross carrying amount</b>							
Opening gross carrying amount	-	-	0.52	0.15	0.12	0.79	
Additions	-	-	-	β	0.04	0.04	
Disposals	-	-	(0.52)	β	-	(0.52)	
<b>Closing gross carrying amount</b>	-	-	-	0.15	0.16	0.31	
<b>Accumulated depreciation</b>							
Opening accumulated depreciation	-	-	0.40	0.14	0.08	0.62	
Depreciation charge during the year	-	-	0.06	β	0.02	0.08	
Disposals	-	-	(0.46)	-	-	(0.46)	
<b>Closing accumulated depreciation</b>	-	-	-	0.14	0.10	0.24	
<b>Net carrying amount as at March 31, 2023</b>	-	-	-	0.01	0.06	0.07	

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED MARCH 31, 2023

## 10. INTANGIBLE ASSETS

	(₹ in crore)	
	Computer software	Total
<b>Year ended March 31, 2022</b>		
Opening gross carrying amount	13.44	13.44
Additions	-	-
Assets included in a disposal group classified as held for sale	(13.44)	(13.44)
Disposals and transfers	-	-
<b>Closing gross carrying amount</b>	-	-
<b>Accumulated amortisation</b>		
Opening accumulated amortisation	8.88	8.88
Amortisation during the year	-	-
Assets included in a disposal group classified as held for sale	(8.88)	(8.88)
Disposals and transfers	-	-
<b>Closing accumulated amortisation</b>	-	-
<b>Net carrying amount as at March 31, 2022</b>	-	-

## 11. OTHER NON-FINANCIAL ASSETS

	(₹ in crore)	
	As at March 31, 2023	As at March 31, 2022
Prepaid expenses	0.19	0.21
Balances with government authorities - cenvat credit available	1.96	1.96
Other advances	2.80	0.08
Less: Allowance for impairment loss	(1.96)	(1.96)
<b>Total</b>	2.99	0.29

## 12A. TRADE PAYABLES

	(₹ in crore)	
	As at March 31, 2023	As at March 31, 2022
- Total outstanding dues of micro enterprises and small enterprises	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-
<b>Total</b>	-	-

## 12B. OTHER PAYABLES

	(₹ in crore)	
	As at March 31, 2023	As at March 31, 2022
- Total outstanding dues of micro enterprises and small enterprises	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	40.71	4.53
<b>Total</b>	40.71	4.53

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED MARCH 31, 2023

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

	(₹ in crore)	
	As at March 31, 2023	As at March 31, 2022
Outstanding principal amount and interest due to suppliers registered under MSMED Act and remaining unpaid at the year end:		
- Principal amount	-	-
- Interest due thereon	-	-
Interest paid other than under section 16 of MSMED Act, to suppliers registered under MSMED Act, beyond the appointed day during the period.	-	-
Interest paid under section 16 of MSMED Act, to suppliers registered under MSMED Act, beyond the appointed day during the period.	-	-
Amount of interest due and payable (where the principal has already been paid but interest has not been paid).	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
The amount of further interest remaining due and payable even in succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of MSMED Act.	-	-

### 13. OTHER FINANCIAL LIABILITIES

	(₹ in crore)	
	As at March 31, 2023	As at March 31, 2022
Unclaimed dividend	1.02	1.45
Employee benefit payable	4.00	1.80
<b>Total</b>	<b>5.02</b>	<b>3.25</b>

### 14. INCOME TAX LIABILITIES

	(₹ in crore)	
	As at March 31, 2023	As at March 31, 2022
Provision for income tax (net of advance tax)	0.55	-
<b>Total</b>	<b>0.55</b>	<b>-</b>

### 15. PROVISIONS

	(₹ in crore)	
	As at March 31, 2023	As at March 31, 2022
Provision for gratuity [Refer note 28(b)]	0.14	-
Asset Restoration Obligations *	-	-
<b>Total</b>	<b>0.14</b>	<b>-</b>

\* Movement in Asset Restoration Obligations

	(₹ in crore)	
	As at March 31, 2023	As at March 31, 2022
At the beginning of year	-	0.21
Provision created during the year	-	-
Provision included in a disposal group classified as held for sale	-	(0.21)
Reversed during the year	-	-
<b>At the end of year</b>	<b>-</b>	<b>-</b>

### 16. DEFERRED TAX LIABILITIES

The balance comprises temporary differences attributable to:	(₹ in crore)	
	As at March 31, 2023	As at March 31, 2022
Financial assets at fair value through profit or loss	36.25	18.08
<b>Total deferred tax liabilities</b>	<b>36.25</b>	<b>18.08</b>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED MARCH 31, 2023

### 17. OTHER NON-FINANCIAL LIABILITIES

(₹ in crore)

	As at March 31, 2023	As at March 31, 2022
Statutory dues	3.54	1.36
Other Payables	2.80	-
<b>Total</b>	<b>6.34</b>	<b>1.36</b>

### 18. EQUITY SHARE CAPITAL

(₹ in crore)

	As at March 31, 2023		As at March 31, 2022	
	Number	₹	Number	₹
<b>Authorised shares</b>				
Equity shares of ₹ 10 each	4,367,100,000	4,367.10	4,367,100,000	4,367.10
Preference shares of ₹ 100 each	100,000,000	1,000.00	100,000,000	1,000.00
<b>Issued, subscribed &amp; fully paid-up shares</b>				
Equity shares of ₹ 10 each	1,599,984,436	1,599.99	1,596,435,942	1,596.44
<b>Total</b>	<b>1,599,984,436</b>	<b>1,599.99</b>	<b>1,596,435,942</b>	<b>1,596.44</b>

\*Upon the scheme of amalgamation coming into effect, authorised equity shares of the IDFC Alternatives Limited, IDFC Trustee Company Limited and IDFC Projects Limited is now merged with the authorised share capital of IDFC Limited effective December 09, 2022.

#### a) Movements in equity share capital

(₹ in crore)

	As at March 31, 2023		As at March 31, 2022	
	Number	₹	Number	₹
Outstanding at the beginning of the year	1,596,435,942	1,596.44	1,596,358,316	1,596.36
Shares issued during the year	3,548,494	3.55	77,626	0.08
Outstanding at the end of the year	<b>1,599,984,436</b>	<b>1,599.99</b>	<b>1,596,435,942</b>	<b>1,596.44</b>

#### b) Terms and rights attached to equity shares

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

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

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

#### c) Shares reserved for issue under options

During the year ended March 31, 2023 the Company issued 35,48,494 equity shares (previous year 77,626 equity shares) of face value of ₹ 10 each pursuant to exercise of stock option by employees under the employee stock option scheme. Information relating to the IDFC Limited Employee Stock Option Scheme (ESOS), including details regarding options issued, exercised and lapsed during the year and options outstanding at the end of the reporting period is set out in note 40.

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

Equity shareholders	As at March 31, 2023		As at March 31, 2022	
	Number	% holding	Number	% holding
President of India	261,400,000	16.37%	261,400,000	16.37%

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED MARCH 31, 2023

## 19A. OTHER EQUITY

(₹ in crore)

	As at March 31, 2023	As at March 31, 2022
Surplus in the statement of profit and loss	1,697.32	267.79
Securities premium	2,522.07	2,506.19
General reserve	672.97	667.29
Special reserve u/s. 36(1)(viii) of the Income-tax Act, 1961	2,642.23	2,642.23
Statutory reserves	2,462.62	1,239.98
Share options outstanding account	-	6.72
Foreign currency translation reserve	-	0.05
<b>Total</b>	<b>9,997.21</b>	<b>7,330.20</b>

### a) Surplus in the statement of profit and loss

(₹ in crore)

	As at March 31, 2023	As at March 31, 2022
Opening balance	267.79	(375.28)
Net profit for the period	4,243.89	64.03
Other comprehensive income	39.21	127.83
Dividends paid	(1,919.63)	-
- Others	25.38	(36.39)
- Share of reserves of associates accounted using equity method of accounting	263.32	554.46
Transfers to/ from :		
- Special reserve u/s. 45-IC of the RBI Act,1934	(1,222.64)	(70.83)
- Equity instruments through OCI	-	3.97
<b>Closing Balance</b>	<b>1,697.32</b>	<b>267.79</b>

### b) Securities premium

(₹ in crore)

	As at March 31, 2023	As at March 31, 2022
Opening balance	2,506.19	2,505.88
Options exercised during the year	15.88	0.31
<b>Closing balance</b>	<b>2,522.07</b>	<b>2,506.19</b>

### c) General reserve

(₹ in crore)

	As at March 31, 2023	As at March 31, 2022
Opening balance	667.24	656.79
Appropriations during the year	5.73	10.45
<b>Closing balance</b>	<b>672.97</b>	<b>667.24</b>

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

(₹ in crore)

	As at March 31, 2023	As at March 31, 2022
Opening balance	2,642.23	2,642.23
Appropriations during the year	-	-
<b>Closing balance</b>	<b>2,642.23</b>	<b>2,642.23</b>

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

(₹ in crore)

	As at March 31, 2023	As at March 31, 2022
Opening balance	1,239.98	1,169.15
Appropriations during the year	1,222.64	70.83
<b>Closing balance</b>	<b>2,462.62</b>	<b>1,239.98</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED MARCH 31, 2023

f) <b>Share options outstanding account</b>	(₹ in crore)	
	As at March 31, 2023	As at March 31, 2022
Opening balance	6.72	15.75
Employee stock option expense for the year	-	2.01
Options cancelled during the year	(6.72)	(11.04)
<b>Closing balance</b>	<b>-</b>	<b>6.72</b>

19B. <b>OTHER RESERVES</b>	(₹ in crore)	
	As at March 31, 2023	As at March 31, 2022
FVOCI - equity investments	-	-
Foreign currency translation reserve	-	0.05
<b>Total</b>	<b>-</b>	<b>0.05</b>

a) <b>FVOCI - equity investments</b>	(₹ in crore)	
	As at March 31, 2023	As at March 31, 2022
Opening balance	-	3.97
Transfer to retained earnings	-	(3.97)
<b>Closing balance</b>	<b>-</b>	<b>-</b>

b) <b>Foreign currency translation reserve</b>	(₹ in crore)	
	As at March 31, 2023	As at March 31, 2022
Opening balance	0.05	0.03
Exchange differences on translation of foreign operations	(0.05)	0.02
Transfer to retained earnings	-	-
<b>Closing balance</b>	<b>-</b>	<b>0.05</b>

### 19C. Nature and purpose of reserve

#### a) **Securities premium**

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

#### b) **General reserve**

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

#### c) **FVOCI - equity investments**

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

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

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

#### e) **Share options outstanding account**

The share options outstanding account is used to recognise the grant date fair value of options issued to employees under Employee Stock Option Scheme (ESOS) over the vesting period. (Refer Note 40)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED MARCH 31, 2023

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

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

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

### g) Foreign currency translation reserve

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

## 20 INTEREST INCOME

(₹ in crore)

	Year ended March 31, 2023	Year ended March 31, 2022
<b>On financial assets measured at amortised costs:</b>		
Interest income	23.69	0.37
Total	23.69	0.37

## 21. NET GAIN/(LOSS) ON FAIR VALUE CHANGES

(₹ in crore)

	Year ended March 31, 2023	Year ended March 31, 2022
<b>Net gain/(loss) on financial instruments at fair value through profit or loss (FVTPL)</b>		
On financial instruments designated at FVTPL		
- Mutual fund units	6.04	1.40
- Venture capital units	124.10	86.00
Total (A)	130.14	87.40
<b>Fair value changes:</b>		
Realised	62.84	12.57
Unrealised	67.30	74.83
Total (B)	130.14	87.40

## 22. OTHER INCOME

(₹ in crore)

	Year ended March 31, 2023	Year ended March 31, 2022
Interest on income tax refund	-	β
Other interest	0.41	0.51
Miscellaneous income	-	2.60
Total	0.41	3.11

## 23. IMPAIRMENT ON FINANCIAL INSTRUMENTS

(₹ in crore)

	Year ended March 31, 2023	Year ended March 31, 2022
<b>On Financial instruments measured at Amortised Cost:</b>		
Advances	0.73	(0.75)
Total	0.73	(0.75)

## 24. EMPLOYEE BENEFIT EXPENSE

(₹ in crore)

	Year ended March 31, 2023	Year ended March 31, 2022
Salaries, wages and bonus	9.10	8.78
Contribution to provident and other funds [Refer note 28(a)]	0.56	0.70
Gratuity expense [Refer note 28(b)]	0.01	0.02
Employee share based payment expense [Refer note 40(d)]	(2.10)	1.54
Staff welfare expense	-	0.02
Total	7.57	11.06

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED MARCH 31, 2023

### 25. DEPRECIATION, AMORTISATION AND IMPAIRMENT

	(₹ in crore)	
	Year ended March 31, 2023	Year ended March 31, 2022
Depreciation of property, plant and equipment (see note 9)	0.08	0.11
<b>Total</b>	<b>0.08</b>	<b>0.11</b>

### 26. OTHER EXPENSES

	(₹ in crore)	
	Year ended March 31, 2023	Year ended March 31, 2022
Rent	0.82	0.59
Rates and taxes	7.35	1.89
Insurance charges	0.13	0.14
Travelling and conveyance	0.31	0.06
Printing and stationery	(0.08)	0.01
Communication costs	0.04	0.02
Advertising and publicity	0.06	0.05
Professional fees	37.94	7.44
Directors' sitting fees	0.91	1.16
Commission to directors	6.76	0.94
Loss on disposal of property, plant and equipment (net)	0.01	-
Contribution for corporate social responsibility (CSR) [Refer note (b) below]	0.18	1.01
Auditors' remuneration [refer note (a) below]	0.49	0.55
Shared service costs	0.04	0.25
Bank charges	β	β
Miscellaneous expenses	0.34	0.16
<b>Total</b>	<b>55.30</b>	<b>14.27</b>

#### a) Breakup of Auditors' remuneration

	(₹ in crore)	
	Year ended March 31, 2023	Year ended March 31, 2022
Audit fees	0.34	0.32
Tax audit fees	0.02	0.04
Certification fees	0.03	-
Other Services	0.09	0.19
Out-of-pocket expenses	0.01	β
<b>Total</b>	<b>0.49</b>	<b>0.55</b>

#### b) Contribution for corporate social responsibility (CSR)

- i) The average profit before tax of the Group for last three financial years was ₹ 9.01 crore, basis which the Group's prescribed CSR Budget for FY 2022-23 was ₹ 0.18 crore.

As per Section 135 of the Companies Act, 2013, amount required to be spent by the Group on Corporate Social Responsibility (CSR) related activities during the year is ₹ 0.18 crore (previous year ₹ 1.01 crore).

- ii) Amount spent towards CSR during the year and recognised as expense in the Statement of Profit and Loss on CSR related activities is ₹ 0.18 crore (previous year ₹ 1.01 crore), which comprise of following:

	(₹ in crore)	
	Year ended March 31, 2023	Year ended March 31, 2022
CSR Expenditure:		
Social Action For Manpower Creation - SAMPARC	0.10	0.36
Yosaid Innovation Foundation	0.05	0.35
Tezpur Mahila Samiti	0.03	-
GOONJ	-	0.10
IIMPACT	-	0.10
INDIAN CANCER SOCIETY	-	0.10
	<b>0.18</b>	<b>1.01</b>
Amount spent during the year on:		
(i) Construction/acquisition of an asset	-	-
(ii) On purposes other than (i) above	0.18	1.01
<b>Total</b>	<b>0.18</b>	<b>1.01</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED MARCH 31, 2023

(iii) Details of CSR expenditure under Section 135(5) of the Act in respect of other than ongoing projects

(₹ in crore)

Balance unspent as at April 1, 2022	Amount deposited in Specified Fund of Schedule VII of the Act within 6 months	Amount required to be spent during the year	Amount spent during the year	Balance unspent as at March 31, 2023
-	-	-	-	-

(iv) Details of excess CSR expenditure under Section 135(5) of the Act

(₹ in crore)

Balance excess spent as at April 1, 2022	Amount required to be spent during the year	Amount spent during the year	Balance excess spent as at March 31, 2023
-	-	-	-

(v) Details of ongoing CSR projects under Section 135(6) of the Act

(₹ in crore)

Balance as at April 1, 2022		Amount spent during the year			Balance as at March 31, 2023	
With the Group	In separate CSR unspent account	Amount required to be spent during the year	From the Group's bank account	From Separate CSR Unspent account	With the Group	In separate CSR unspent account
-	-	-	-	-	-	-

(vi) Nature of CSR activities

CSR activities conducted during the year was focused on promoting healthcare, overall care, education and maintenance of orphan children, financial support for the women empowerment, among other interventions.

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

## 27. INCOME TAX

a) The components of income tax expense for the years ended March 31, 2023 and March 31, 2022 are:

(₹ in crore)

	Year ended March 31, 2023	Year ended March 31, 2022
<b>I. Tax expense recognised in statement of profit and loss</b>		
<b>Current tax</b>		
Current tax on profit for the year	402.62	107.66
Adjustments for current tax of prior years	0.29	2.72
Total current tax expense	402.91	104.94
<b>Deferred tax</b>		
(Decrease) / Increase in deferred tax liabilities	18.17	17.50
Total deferred tax expense/(benefit)	18.17	17.50
Total tax expense for the year	421.08	122.44
Income tax attributable to:		
- Profit from continuing operations	391.41	60.50
- Profit from discontinued operations	29.67	61.94
	421.08	122.44

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED MARCH 31, 2023

### b) Reconciliation of the total tax charge

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the years ended March 31, 2023 and March 31, 2022 is as follows:

	(₹ in crore)	
	Year ended March 31, 2023	Year ended March 31, 2022
Profit / (loss) from continuing operations before tax expense	1,064.74	73.49
Profit from discontinued operations before tax expense	3,600.27	113.26
<b>Tax at India's statutory income tax rate of 25.17% (previous year 25.17%)</b>	<b>1,174.18</b>	<b>47.02</b>
Tax effect of the amount which are not taxable in calculating taxable income	(8.97)	(5.16)
Effect of tax on Share of net profit of associates and joint ventures accounted for using equity method	(245.20)	(1.84)
Tax impact of income not included in determining taxable profit above	2.61	42.79
Effect of tax on income taxable under different tax rates	(508.00)	(3.53)
Expenses not deductible for tax purposes	(12.74)	-
Adjustments for current tax of prior periods	0.29	(2.72)
Effect of reversal of opening deferred tax asset/ liability	18.17	17.50
Different statutory tax rates applied by the group entities	0.57	29.89
Others	0.16	(1.50)
<b>Income tax expense at effective tax rate</b>	<b>421.08</b>	<b>122.44</b>
<b>Effective tax rate</b>	<b>9.03%</b>	<b>65.56%</b>

### c) Unrecognised temporary differences

	(₹ in crore)	
	Year ended March 31, 2023	Year ended March 31, 2022
Temporary differences relating to investment in subsidiaries and joint ventures for which deferred tax liabilities have not been recognised		
- Undistributed earnings of subsidiary*	701.44	181.00
- Unrecognised deferred tax liabilities relating to the above temporary differences	176.55	45.56

\* Certain subsidiaries of the Group have undistributed earnings of ₹ 701.44 crores (March 31, 2022: ₹ 181 Crores ) which, if paid out as dividends, would be subject to tax in the hands of the recipient. An assessable temporary difference exists, but no deferred tax liability has been recognised as the Holding Company has ability to control the timing of distributions from these subsidiaries.

## 28. EMPLOYEE BENEFIT OBLIGATIONS

### a) Defined contribution plans

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

	(₹ in crore)	
	Year ended March 31, 2023	Year ended March 31, 2022
Provident fund	0.32	0.38
Pension fund	0.23	0.29
Superannuation fund	0.01	0.02
Total	<b>0.56</b>	<b>0.69</b>

### b) Defined benefit plans

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

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

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED MARCH 31, 2023

i) Balance Sheet				(₹ in crore)
	Present value of obligation	Fair value of plan assets	Net amount	
<b>As at March 31, 2022</b>	3.01	3.01	β	
Current service cost	0.02	-	0.02	
Interest expense/(income)	0.07	0.07	(0.01)	
Actuarial loss / (gain) arising from change in financial assumptions	(0.05)	-	(0.05)	
Actuarial loss / (gain) arising on account of experience changes	0.16	-	0.16	
Actual return on plan assets less interest on plan assets	-	(0.02)	0.02	
Employer contributions	-	-	-	
Benefit payments	(1.28)	(1.28)	-	
<b>As at March 31, 2023</b>	<b>1.92</b>	<b>1.78</b>	<b>0.14</b>	
		As at March 31, 2023	As at March 31, 2022	
Present value of plan liabilities		1.92	3.01	
Fair value of plan assets		1.78	3.01	
Plan liability net of plan assets		<b>0.14</b>	β	
ii) Statement of Profit and Loss				(₹ in crore)
		Year ended March 31, 2023	Year ended March 31, 2022	
<b>Employee Benefit Expenses:</b>				
Current service cost		0.02	0.02	
Interest cost		(0.01)	β	
Total		0.01	0.02	
Finance cost		-	-	
Net impact on the profit before tax		0.01	0.02	
<b>Remeasurement of the net defined benefit liability:</b>				
Actuarial gains/(losses) arising from changes in demographic assumptions		-	-	
Actuarial gains/(losses) arising from changes in financial assumptions		(0.05)	(0.01)	
Actuarial gains/(losses) arising from changes in experience		0.16	0.20	
Actual return on plan assets less interest on plan assets		0.02	(0.08)	
Net impact on the other comprehensive income before tax		<b>0.13</b>	0.12	
iii) Defined benefit plan assets				
Category of assets (% allocation)		As at March 31, 2023	As at March 31, 2022	
Insurer managed funds				
- Government securities		46.36%	45.65%	
- Deposit and money market securities		7.77%	15.06%	
- Debentures / bonds		40.44%	33.93%	
- Equity shares		5.43%	5.36%	
Total		<b>100.00%</b>	100.00%	



## NOTES TO CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED MARCH 31, 2023

### iv) Actuarial assumptions

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

	As at March 31, 2023	As at March 31, 2022
Discount rate	7.20%	4.40%
Salary escalation rate*	5%	5%

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

### v) Risks

#### Interest rate risk:

The risk of government security yields falling due to which the corresponding discount rate used for valuing liabilities falls. Such a fall in discount rate will result in a larger value placed on the future benefit cash flows whilst computing the liability and thereby requiring higher accounting provisioning.

#### Longevity risks:

Longevity risks arises when the quantum of benefits payable under the plan is based on how long the employee lives post cessation of service with the company. The gratuity plan provides the benefit in a lump sum form and since the benefit is not payable as an annuity for the rest of the lives of the employees, there is no longevity risks.

#### Salary risks:

The gratuity benefits under the plan are related to the employee's last drawn salary. Consequently, any unusual rise in future salary of the employee raises the quantum of benefit payable by the company, which results in a higher liability for the company and is therefore a plan risk for the company.

### vi) Demographic assumptions

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

### vii) Sensitivity

As at March 31, 2023	Change in assumption	Impact on defined benefit obligation	
		Increase	Decrease
Discount rate	0.50%	(0.32%)	0.35%
Salary escalation rate	0.50%	0.35%	(0.33%)

As at March 31, 2022	Change in assumption	Impact on defined benefit obligation	
		Increase	Decrease
Discount rate	0.50%	(0.23%)	0.26%
Salary escalation rate	0.50%	0.25%	(0.23%)

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

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

### viii) Maturity

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

	(₹ in crore)	
	As at March 31, 2023	As at March 31, 2022
within 12 months	1.81	2.89
Between 2-5 years	0.04	0.03
Between 5-10 years	0.04	0.03
Beyond 10 years	0.22	0.16

The weighted average duration to the payment of these cash flows is 0.66 years (preceding year 0.49 years).

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED MARCH 31, 2023

## 29. DISCONTINUED OPERATION

### a) IDFC Asset Management Company Limited and IDFC AMC Trustee Company Limited

The Board of Directors of the Holding Company and IDFC FHCL at their respective meetings held on April 06, 2022, had inter alia considered binding bids received in connection with divestment of IDFC Asset Management Company Limited ('IDFC AMC') along with IDFC AMC Trustee Company Limited ('IDFC AMC Trustee') and had approved sale of the entire shareholding of IDFC AMC and IDFC AMC Trustee held by IDFC FHCL to a consortium comprising of Bandhan Financial Holding Limited, Lathe Investment Pte. Ltd. (affiliate of GIC), Tangerine Investments Limited, Infinity Partners (affiliates of ChrysCapital) ('Proposed Transaction'). The consideration for the Proposed Transaction of IDFC AMC was ₹ 4,500 crores on a fully diluted basis and subject to customary price adjustments at the closure and ₹ 0.50 crore for IDFC AMC Trustee.

It was highly probable that the said sale transaction would be completed in the next 12 months. Accordingly the investment in IDFC AMC and IDFC AMC Trustee along with their subsidiaries IDFC IEH Conservative Fund, IDFC Investment Managers (Mauritius) Limited and India Multi - Avenues Fund Limited were classified as assets held for sale as on March 31, 2022.

Figures for the year ended March 31, 2023 and March 31, 2022 include ₹ 89.16 crores and ₹ 171.88 crore as net profit after tax from discontinued operations pertaining to these entities.

All the requisite regulatory and other approvals, as applicable have been received and the Proposed Transaction is completed on January 31, 2023. IDFC FHCL sold 27,636,940 shares (including 846,490 shares purchased from employees on exercise of ESOPs at a price of ₹ 1,625 per share) in IDFC AMC and 50,000 shares in IDFC AMC Trustee to the consortium for consideration of ₹ 4,490 crore and ₹ 0.50 crore respectively. With the conclusion of the transaction, post January 31, 2023, IDFC AMC, IDFC AMC Trustee and IDFC Investment Managers (Mauritius) Limited are no more subsidiaries of the Group.

### i) Financial performance and cash flow information (after inter-company eliminations)

#### A) IDFC AMC Limited

(In ₹ crore)

	Period ended January 30, 2023	Year ended March 31, 2022
Revenue	313.53	421.01
Expenses	195.78	188.22
Profit before tax	117.75	232.79
Tax expense	29.66	62.02
Profit after tax	88.09	170.77
Other comprehensive income	1.53	0.87
Total comprehensive income	89.62	171.64
Total comprehensive income attributable to owners	89.59	171.57
Total comprehensive income attributable to minority holders	0.03	0.07
Total profit from discontinued operation attributable to owners	89.59	171.57
Net cash inflow from operating activities	121.52	195.26
Net cash inflow / (outflow) from investing activities	(17.15)	143.08
Net cash / (outflow) from financing activities	(104.57)	(340.24)
Net increase in cash generated from discontinued operation	(0.20)	(1.90)

#### B) IDFC AMC Trustee Company Limited

(In ₹ crore)

	Period ended January 30, 2023	Year ended March 31, 2022
Revenue	0.50	0.60
Expenses	0.48	0.42
Profit before tax	0.02	0.18
Tax expense	0.01	0.05
Profit after tax	0.02	0.13
Other comprehensive income	(0.00)	0.01
Total comprehensive income	0.01	0.14
Total comprehensive income attributable to owners	0.01	0.14
Total comprehensive income attributable to minority holders	-	-
Total profit from discontinued operation attributable to owners	0.01	0.14
Net cash inflow from operating activities	0.00	0.10
Net cash inflow / (outflow) from investing activities	-	-
Net cash (outflow) from financing activities	-	-
Net increase in cash generated from discontinued operation	0.00	0.10

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED MARCH 31, 2023

### ii) The carrying amounts of assets and liabilities as on January 30, 2023 and March 31, 2022

#### A) IDFC AMC Limited

(In ₹ crore)

	As at January 30, 2023	As at March 31, 2022
Cash and cash equivalents	1.06	1.26
Bank balances other than cash and cash equivalents above	7.08	3.52
(I) Trade receivables	20.71	13.35
Investments	277.97	226.08
Other financial assets	3.90	6.08
Income tax assets (net)	15.85	15.85
Property, plant and equipment	10.11	10.17
Intangible assets	1.25	1.92
Right-of-use assets	32.32	27.99
Deferred tax assets (net)	2.88	1.33
Other non-financial assets	7.91	20.45
<b>Total assets</b>	<b>381.04</b>	<b>328.00</b>
Trade Payables	18.69	11.34
Lease liabilities	37.19	31.95
Other financial liabilities	45.32	35.76
Income tax liabilities (net)	15.95	18.86
Provisions	0.61	1.73
Other non-financial liabilities	59.09	41.02
<b>Total liabilities</b>	<b>176.85</b>	<b>140.66</b>
Net assets derecognised		
- Attributable to IDFC Limited	204.12	187.27
- Non-controlling interest	0.07	0.07

#### B) IDFC AMC Trustee Company Limited

(In ₹ crore)

	As at January 30, 2023	As at March 31, 2022
Cash and cash equivalents	0.32	0.31
Trade Receivables	0.24	0.18
Other Assets	0.05	0.04
Income tax assets (net)	0.03	0.02
<b>Total assets</b>	<b>0.64</b>	<b>0.55</b>
Trade Payables	0.07	0.01
Income Tax liabilities	0.01	0.01
Other financial liabilities	0.07	0.06
<b>Total liabilities</b>	<b>0.15</b>	<b>0.08</b>
Net assets derecognised		
- Attributable to IDFC Limited	0.49	0.47
- Non-controlling interest	-	-

#### b) IDFC India Equity Hedge Fund - IDFC IEH Conservative Fund

IDFC India Equity Hedge Fund Category III ('Fund') was constituted as a trust on 1<sup>st</sup> September 2017, in accordance with the provisions of the Indian Trusts Act, 1882. IDFC Limited is the Sponsor and IDBI Trusteeship Services Limited ('Trustee') is the Trustee of the Fund. IDFC AMC has been appointed as the Investment Manager of the Fund.

IDFC IEH Conservative Fund was a scheme launched under IDFC India Equity Hedge Fund Category III registered with SEBI under SEBI (Alternative Investment Funds) Regulations, 2012. IDFC IEH Conservative Fund is an open ended scheme which was launched as on January 31, 2018. The Scheme is represented by Class of Units.

The primary objective of the Scheme is to generate attractive risk adjusted returns and reduce volatility by investing predominantly in Indian equities and equity derivatives within a low to moderate net exposure risk format. More specifically, to employ long/short and arbitrage strategies to provide superior alpha based returns that are relatively uncorrelated to Indian equity indices.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED MARCH 31, 2023

Based on the control assessment carried out by the Group, IDFC IEH Conservative Fund was assessed as a subsidiary of the Group under Ind AS 110 considering the principal-agency guidance. The asset manager of IDFC IEH Conservative Fund, IDFC AMC which holds power over its relevant activities is a wholly-owned subsidiary of the Holding Company and cannot be removed without approval from 75% of unitholders. The Group holds 69.54% units in the fund as on March 31, 2022 which constitutes exposure to variability in returns. Accordingly, the assets, liabilities, income and expenses of IDFC IEH Conservative Fund had been consolidated with the Group on line by line basis.

The Board of Directors of IDFC Asset Management Company Limited ('IDFC AMC') ('the Investment Manager') had approved the winding up of IDFC IEH Conservative Fund, subsidiary of IDFC AMC, vide its meeting dated July 26, 2022. Approval from the investors holding more than 75% in the value was received by the Board of Directors of IDFC AMC on August 22, 2022. All the assets of IDFC IEH Conservative Fund were liquidated by October 6, 2022 and paid to investors. Hence with effect from October 6, 2022, IEH Conservative Fund has ceased to be subsidiary of the Group.

### (i) Financial performance and cash flow information (after inter-company eliminations)

#### IDFC India Equity Hedge Fund - IDFC IEH Conservative Fund

	(In ₹ crore)	
	Period ended October 06, 2022	Year ended March 31, 2022
Revenue	0.31	1.74
Expenses	0.60	0.81
Profit / (loss) before tax	(0.29)	0.93
Tax expense	(0.01)	(0.13)
Profit / (loss) after tax	(0.28)	1.06
Other comprehensive income	-	-
Total comprehensive income	(0.28)	1.06
Total comprehensive income attributable to owners	(0.20)	0.74
Total comprehensive income attributable to Minority shareholders	(0.08)	0.32
Total profit from discontinued operation attributable to owners	(0.20)	0.74
Net cash inflow from operating activities	(26.99)	(1.16)
Net cash inflow / (outflow) from investing activities	38.56	(24.62)
Net cash (outflow) from financing activities	(12.39)	10.32
Net increase in cash generated from discontinued operation	(0.82)	(15.46)

#### The carrying amounts of assets and liabilities as on October 06, 2022 and March 31, 2022

	(In ₹ crore)	
	Period ended October 06, 2022	Year ended March 31, 2022
Cash and cash equivalents	0.22	1.04
Bank balances other than cash and cash equivalents above	-	3.25
Trade Receivables	-	-
Investments	29.72	38.37
Income tax assets (net)	0.14	0.27
Total assets	30.08	42.93
Trade Payables	0.01	0.05
Deferred Tax liabilities	-	0.09
Other non financial liabilities	-	0.17
Total liabilities	0.01	0.31
Net assets derecognised		
- Attributable to IDFC Limited	29.33	29.62
- Non-controlling interest	0.74	13.00

### c) IDFC Investment Managers (Mauritius) Limited

The principal activity of the Company is to provide investment management services. The Company has entered into investment management agreement with India Multi Avenues Fund, a fund incorporated in Mauritius in 2015. The Fund has still not started its operations as on date of Balance Sheet.

IDFC Investment Managers (Mauritius) Limited is a wholly owned subsidiary of IDFC AMC. However, now as IDFC AMC is asset Held for Sale, IDFC Investment Managers (Mauritius) Limited, which is considered as subsidiary of the Group through IDFC AMC, is also shown as Asset held for sale and line by line consolidation is not done for the same.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED MARCH 31, 2023

### (i) Financial performance and cash flow information (after inter-company eliminations)

	(In ₹ crore)	
	Period ended January 30, 2023	Year ended March 31, 2022
Revenue	-	-
Expenses	0.47	0.53
Profit before tax	(0.47)	(0.53)
Tax expense	-	-
Profit after tax	(0.47)	(0.53)
Other comprehensive income	-	-
Total comprehensive income	(0.47)	(0.53)
Total comprehensive income attributable to owners	(0.47)	(0.53)
Total comprehensive income attributable to Minority shareholders	0.00	(0.00)
Total profit from discontinued operation attributable to owners	(0.47)	(0.53)
Net cash inflow from operating activities	0.23	(0.52)
Net cash inflow (outflow) from investing activities	-	-
Net cash (outflow) from financing activities	-	-
Net increase in cash generated from discontinued operation	0.23	(0.52)

### The carrying amounts of assets and liabilities as on January 30, 2023 and March 31, 2022

	(In ₹ crore)	
	As at January 30, 2023	As at March 31, 2022
Cash and cash equivalents	0.57	0.35
Loans and advances	0.03	0.01
Total assets	0.60	0.36
Trade Payables	0.03	0.05
Total liabilities	0.03	0.05
Net assets derecognised		
- Attributable to IDFC Limited	0.57	0.31
- Non-controlling interest	-	-

### d) IDFC Foundation

IDFC Foundation is a wholly owned subsidiary of IDFC and is a 'Not for profit' organisation. In continuation of corporate structure simplification, Board of Directors of the Holding Company at their meeting held on October 27, 2022 have approved and donated its entire equity held in IDFC Foundation along with underlying investments in joint venture entities [Delhi Integrated Multi Modal Transit Systems Limited ('DIMTS') and Infrastructure Development Corporation (Karnataka) Limited ('Ideck')] to Upajeewan Sangathan Foundation (a not for profit organisation formed under Section 8 of Companies Act, 2013). Accordingly, results of IDFC Foundation till October 27, 2022 are shown as discontinued operations and other periods have been regrouped.

### Financial performance and cash flow information (after inter-company eliminations)

	(In ₹ crore)	
	Period ended October 27, 2022	Year ended March 31, 2022
Revenue	0.27	6.94
Expenses	0.21	21.01
Profit before tax	0.06	(14.08)
Tax expense	-	-
Profit after tax	0.06	(14.08)
Other comprehensive income	-	0.02
Total comprehensive income	0.06	(14.06)
Total comprehensive income attributable to owners	0.06	(14.06)
Total comprehensive income attributable to Minority shareholders	-	-
Total profit from discontinued operation attributable to owners	0.06	(14.06)
Net cash inflow from operating activities	(0.72)	(7.53)
Net cash inflow / (outflow) from investing activities	1.29	8.72
Net cash (outflow) from financing activities	-	(1.20)
Net increase in cash generated from discontinued operation	0.57	(0.01)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED MARCH 31, 2023

### The carrying amounts of assets and liabilities as on October 27, 2022 and March 31, 2022

	(In ₹ crore)	
	As at October 27, 2022	As at March 31, 2022
Cash and cash equivalents	0.72	1.29
Bank balances other than cash and cash equivalent and above	0.10	0.10
Investments	10.00	10.00
Other financial assets	0.00	0.01
Income tax assets (net)	1.53	1.53
Property, plant and equipment	0.00	0.01
Other non-financial assets	0.02	0.10
<b>Total assets</b>	<b>12.37</b>	<b>13.04</b>
Trade Payables	0.61	1.21
Other non-financial liabilities	0.00	0.12
<b>Total liabilities</b>	<b>0.61</b>	<b>1.33</b>
Net assets derecognised		
- Attributable to IDFC Limited	11.76	11.71
- Non-controlling interest	-	-

- e) As per the Share Purchase Agreement (SPA) signed by the Holding Company and Novopay Solutions Private Limited ('NSPL') (erstwhile associate of the Group) on August 08, 2022, NSPL shall purchase shares totalling to 227,145 of Novopay held by the Holding Company for a total consideration aggregating to ₹ 15.00 crore. The Holding Company has diluted 13.85% stake (131,999 shares) in NSPL for ₹ 8.72 crore on August 31, 2022 and 4.16% stake (39,624 shares) for ₹ 2.49 crore on March 31, 2023. Balance stake of 55,522 valued at ₹ 3.79 crores are yet to be diluted, hence Investment in NSPL is shown as asset held for sale as per IND AS 105.

### 30. Segment information

	(₹ in crore)	
	Year ended March 31, 2023	Year ended March 31, 2022
<b>Segment revenues</b>		
- Financing	153.83	87.77
- Others	-	-
Total segment revenues	153.83	87.77
Add: Unallocated revenues	-	-
Less: Inter-segment adjustments	-	-
<b>Total Revenues</b>	<b>153.83</b>	<b>87.77</b>
<b>Segment results</b>		
- Financing	90.56	66.19
- Others	-	-
Total segment results	90.56	66.19
Add / (Less): Unallocated	-	-
Add: Share of profit / (loss) from associates accounted under equity method	974.18	7.30
<b>Profit before tax</b>	<b>1,064.74</b>	<b>73.49</b>
<b>Segment assets</b>		
- Financing	729.65	592.90
- Others	-	-
Total segment assets	729.65	592.90
<b>Unallocated</b>		
- Banking	10,872.80	7,401.21
- Others	79.97	18.98
- Disposal group held for sale	3.79	1,151.01
<b>Total assets</b>	<b>11,686.21</b>	<b>9,164.10</b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED MARCH 31, 2023

## 30. Segment information

(₹ in crore)

	Year ended March 31, 2023	Year ended March 31, 2022
<b>Segment liabilities</b>		
- Financing	52.21	9.14
- Others	-	-
Total segment liabilities	52.21	9.14
<b>Unallocated</b>		
- Others	36.80	18.08
- Disposal group held for sale	-	210.24
Total liabilities	89.01	237.46
<b>Capital employed</b>		
- Financing	677.44	583.76
- Others	-	-
Total segment capital employed	677.44	583.76
<b>Unallocated</b>		
- Banking	10,872.80	7,401.21
- Others	43.17	0.90
- Disposal group held for sale	3.79	940.77
Total capital employed	11,597.20	8,926.64

- i) The Group identifies primary segments based on the dominant source, nature of risk and returns and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated by the Chief Operating Decision Maker.
- ii) Segment composition :
- Financing includes investing activity
  - The Group has reorganised its segment structure on account of classification of IDFC Asset Management Company Limited, IDFC AMC Trustee Company Limited, IDFC IEH Conservative Fund, IDFC Investment Managers (Mauritius) Limited, IDFC Foundation and Novopay Solutions Private Limited as Disposal group held for sale. Previous period segment figures are regrouped in accordance with revised segment structure.

## 31. EARNINGS PER SHARE

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

	Year ended March 31, 2023	Year ended March 31, 2022
Net profit after tax available for equity shareholders (₹ in crore)	4,243.93	64.31
Weighted average number of equity shares	1,597,795,692	1,596,413,052
Face value (in ₹)	10.00	10.00

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

	Year ended March 31, 2023	Year ended March 31, 2022
Basic earnings per share (in ₹)	26.56	0.40
Effect of outstanding stock options	0.00	0.00
Diluted earnings per share (in ₹)	26.56	0.40

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

	Year ended March 31, 2023	Year ended March 31, 2022
Weighted average number of shares for computation of Basic EPS	1,597,795,692	1,596,413,052
Dilutive effect of outstanding stock options	110,919	438,563
Weighted average number of shares for computation of Diluted EPS	1,597,906,611	1,596,851,615

**32. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS**

(₹ in crore)

	As at March 31, 2023	As at March 31, 2022
<b>Commitments</b>		
Uncalled liability on shares and other investments partly paid	2.38	16.25
Estimated amount of contracts remaining to be executed on capital account (net of advances)	-	0.53
Letter of comfort (see note b)	-	14.57
Undertaking (see note a)	15.00	-
<b>Claims not acknowledged as debts in respect of:</b>		
- Income-tax demands under appeal (net of provision)	230.47	44.98
- Other claims	-	1.97
<b>Total</b>	<b>247.85</b>	<b>78.30</b>

- a) The Holding Company has donated equity shares of its erstwhile wholly owned subsidiary IDFC Foundation to Upajeewan Sangathan Foundation via a deed of donation signed by both the parties on October 27, 2022. The Company has also undertaken to make good any short fall in the net tax liabilities which become payable arising out of the Tax Appeal which is in excess of the Net Value of the assets realised by the donee. The Undertaking is valid for three years from the date of donation i.e. October 27, 2022.
- b) The Holding Company had issued letter of comfort to IDFC Foundation- erstwhile wholly owned subsidiary of the Company, if there is any shortfall in meeting its obligations towards its contingent liabilities amounting to ₹ 14.57 crore and any related penalty. The comfort letter was valid till April 30, 2022.
- c) The Holding Company holds 26.00% stake in Jetpur Somnath Tollways Private Limited ("JSTPL"). JSTPL had executed the concession agreement with National Highway Authority of India ("NHAI") for the purpose of four laning of 123.45 km Jetputur Somnath Section of NH-8D in the state of Gujarat under NHDP phase III on Build Operate Transfer (BOT) (TOLL) on DBFO pattern. Due to certain disputes, NHAI terminated the Concession Agreement in November 2016. Matter was referred to Arbitration. Arbitral Tribunal on March 31, 2021 passed an award in favour of JSTPL for ₹.1,019.43 crore. JSTPL filed an appeal with Hon'ble Delhi High Court for enforcement of the award dated March 31, 2021. Hon'ble High Court directed NHAI to deposit the entire decretal amount along with interest till the date of payment with court on February 27, 2023. The next hearing is fixed for May 11, 2023.
- d) At the time of sale of IDFC AMC and IDFC AMC Trustee company to Bandhan consortium, IDFC as a seller had given various warranties. These includes Business / General warranty, Tax warranty and Fundamental Warranty.
- e) The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and postemployment received Indian Parliament approval and Presidential assent in September 2020. The Code has been published in the Gazette of India and subsequently on November 13, 2020 draft rules were published and invited for stakeholders' suggestions. However, the date on which the Code will come into effect has not been notified. The Group will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

**33. DIVIDEND PAID AND PROPOSED DURING THE YEAR**

(₹ in crore)

	March 31, 2023	March 31, 2022
<b>A. Declared and paid during the year</b>		
Dividends on ordinary shares:		
Final Dividend for 2023: Nil per share (2022: Nil per share)	-	-
Interim Dividend for 2023: ₹ 12 per share (2022: Nil per share) (refer note a and b below)	1,919.63	-
<b>Total dividends paid</b>	<b>1,919.63</b>	<b>-</b>
<b>B. Proposed for approval at Annual General Meeting (not recognised as a liability as at year end)</b>		
Dividend on ordinary shares:		
Final dividend for 2023: Nil per share (2022: Nil per share)	-	-

- a. The Board of the Directors of the Holding Company at its meeting held on April 06, 2022 has considered and declared an Interim Dividend of 10% i.e. ₹ 1 per equity share of the Holding Company. The interim dividend was paid to the eligible shareholders on May 02, 2022, whose names appeared on the Register of Members as at close of day on April 10, 2022 being the record date for the purpose of the aforesaid interim dividend.



- b. The Board of Directors at its meeting held on February 01, 2023 has considered and declared a special interim dividend of 110% i.e. ₹ 11 per equity share. The interim dividend was paid to the eligible shareholders on February 23, 2023, whose names appeared on the Register of Members as at close of the record date February 13, 2023.

34. The figures of Rs. 50,000 or less have been denoted by β.

## 35. UPDATE ON SUBSIDIARIES AND ASSOCIATES

### (a) Corporate Restructuring

As part of simplification of corporate structure, the Board of Directors of the Holding Company along with its three wholly owned subsidiaries ('WOS') IDFC Alternatives Limited, IDFC Trustee Company Limited and IDFC Projects Limited, approved the merger of WOS into the Holding Company, subject to regulatory approvals from various authorities. Post Board approval, the Holding Company along with its three WOS has filed scheme of amalgamation with Official Liquidator ('OL') - Chennai and with Regional Director ('RD') / Registrar of Companies ('ROC') - Chennai on December 06, 2021.

The ROC, Chennai vide its letter dated February 01, 2022 intimated it's no observations/suggestions to the aforesaid scheme of amalgamation. Also, the OL of Madras High Court vide its letter dated March 24, 2022, communicated it's no observations to the aforesaid scheme of amalgamation.

The Company filed petition with National Company Law Tribunal (NCLT) - Chennai on April 13, 2022. NCLT heard the petition on October 20, 2022 and passed the order on November 22, 2022 in favor of the Holding Company. The order is effective from December 09, 2022.

Post approval from NCLT, IDFC Alternatives Limited, IDFC Trustee Company Limited and IDFC Projects Limited are merged with the Holding Company and are no more subsidiaries of the Group.

### (b) IDFC Foundation:

IDFC Foundation is a wholly owned subsidiary of IDFC and is a 'Not for profit' organisation. In continuation of corporate structure simplification, Board of Directors of the Holding Company at their meeting held on October 27, 2022 have approved and donated its entire equity held in IDFC Foundation along with underlying investments in joint venture entities [Delhi Integrated Multi Modal Transit Systems Limited ('DIMTS') and Infrastructure Development Corporation (Karnataka) Limited ('Ideck')] to Upajeevan Sangathan Foundation (a not for profit organisation formed under Section 8 of Companies Act, 2013). Accordingly, results of IDFC Foundation till October 27, 2022 are shown as discontinued operations and other periods have been regrouped.

Figures for the year ended March 31, 2023 and March 31, 2022 includes ₹ (1.71) crore and (119.66) crores as net loss after tax from discontinued operations pertaining to IDFC Foundation.

### (c) IDFC Financial Holding Company Limited:

- (i) Reserve Bank of India ("RBI") has, vide its letter No.DOR..HOL.No.SUO-75590/16.01.146/2021-22 dated July 20, 2021, clarified that after the expiry of lock-in period of 5 years, IDFC Limited can exit as the promoter of IDFC FIRST Bank Limited.

Post completion of lock-in period of 5 years, the Board of Directors of IDFC FIRST Bank at their meeting held on December 30, 2021 has confirmed that they are "In-principle" in favour of Merger of 'IDFC' and 'IDFC FHCL' with 'IDFC FIRST Bank'. The said corporate restructuring activity shall be subject to approval by the Board of Directors of entities involved, shareholders, creditors and other necessary statutory / regulatory approvals.

The Board of Directors of the Holding Company and IDFC FHCL, at their respective meetings held on March 18, 2023, have appointed a) registered valuer for recommendation of fair share exchange ratio; b) merchant banker for issuance of fairness opinion on the share exchange ratio; c) law firm for conducting legal due diligence, drafting and finalizing scheme of amalgamation and filing regulatory applications.

- (ii) The Board of Directors of the Holding Company and IDFC FHCL at their respective meetings held on April 06, 2022, have inter alia considered binding bids received in connection with divestment of IDFC Asset Management Company Limited ('IDFC AMC') along with IDFC AMC Trustee Company Limited ('IDFC AMC Trustee') and have approved sale of the entire shareholding of IDFC AMC and IDFC AMC Trustee held by the Company to a consortium comprising of Bandhan Financial Holding Limited, Lathe Investment Pte. Ltd. (affiliate of GIC), Tangerine Investments Limited, Infinity Partners (affiliates of Chryscapital) ('Proposed Transaction'). The consideration for the Proposed Transaction is ₹ 4,500 crores on a fully diluted basis and subject to customary price adjustments at the closure.

All the requisite regulatory and other approvals, as applicable have been received and the Proposed Transaction is completed on January 31, 2023. IDFC FHCL sold 27,636,940 shares (including 846,490 shares purchased from employees on exercise of ESOPs at a price of ₹ 1,625 per share) in IDFC AMC and 50,000 shares in IDFC AMC Trustee to the consortium for consideration of ₹ 4,490 crores and ₹ 0.50 crores respectively. With the conclusion of the transaction, post January 31, 2023, IDFC AMC, IDFC AMC Trustee and IDFC Investment Managers (Mauritius) Limited are no more subsidiaries of the Group.

### (d) IDFC FIRST Bank Limited:

- (i) The COVID-19 virus, a global pandemic affected the world economy over more than last two years. The extent to which the COVID-19 pandemic, including the future subsequent waves, if any, may impact the Bank's operations and asset quality will depend on future developments. The Bank's capital and liquidity position is strong and would continue to be the focus area for the Bank.

**(e) Liquidated entities:**

- (i) The Board of Directors of IDFC Asset Management Company Limited ('IDFC AMC') ('the Investment Manager') had approved the winding up of IDFC IEH Conservative Fund, subsidiary of IDFC AMC, vide its meeting dated July 26, 2022. Approval from the investors holding more than 75% in the value was received by the Board of Directors of IDFC AMC on August 22, 2022. All the assets of IDFC IEH Conservative Fund were liquidated by October 6, 2022 and paid to investors. Hence with effect from October 6, 2022, IEH Conservative Fund has ceased to be subsidiary of the Group.

**(f) Others**

- (i) On August 15, 2022, Ms. Ritu Anand ceased to be an Independent Director of the Holding Company upon completion of her term.  
Pursuant to Regulation 17(1)(c) of SEBI Listing Obligations and Disclosure Requirements (LODR) Regulations 2015, the Board of Directors of IDFC Limited shall comprise of not less than six directors. Due to cessation of her directorship from the Board, the number of Directors on the Board of the Holding Company reduced from six to five and the composition of the Board as well as constitution of Board's committees were impacted. As on March 31, 2023 the Holding Company was in process of appointing New Directors, on the Board to comply with Regulation 17(1)(c) of SEBI LODR Regulations 2015.
- (ii) The Holding Company has diluted 13.85% stake in Novopay Solutions Private Limited ('NSPL') (erstwhile associate of the Group) for ₹ 8.72 crore on August 31, 2022 and 4.16% stake for ₹ 2.49 crore on March 31, 2023. NSPL is no longer an associate of the Group.

**36. CAPITAL MANAGEMENT**

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

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

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

**37. MATURITY ANALYSIS OF ASSETS AND LIABILITIES**

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

	As at March 31, 2023			As at March 31, 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
(₹ in crore)						
<b>Financial assets</b>						
Cash and cash equivalents	157.94	-	157.94	286.47	-	286.47
Bank balance other than cash and cash equivalents above	219.52	-	219.52	1.55	-	1.55
Receivables						
(I) Other receivables	-	-	-	2.01	-	2.01
Investments	-	11,220.62	11,220.62	-	7,702.47	7,702.47
Other financial assets	1.31	-	1.31	1.15	-	1.15
<b>Non-financial assets</b>						
Income tax assets (Net)	-	79.97	79.97	-	18.98	18.98
Property, plant and equipment	-	0.07	0.07	-	0.17	0.17
Other non-financial assets	2.99	-	2.99	0.29	-	0.29
Disposal group held for sale	3.79	-	3.79	1,151.01	-	1,151.01
<b>Total assets</b>	<b>385.56</b>	<b>11,300.66</b>	<b>11,686.21</b>	<b>1,442.48</b>	<b>7,721.62</b>	<b>9,164.10</b>

(₹ in crore)

	As at March 31, 2023			As at March 31, 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
<b>Financial liabilities</b>						
Payables						
(I) Trade payables						
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-
(II) Other payables						
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	40.71	-	40.71	4.53	-	4.53
Other financial liabilities	5.02	-	5.02	3.25	-	3.25
<b>Non-financial Liabilities</b>						
Income tax liabilities (Net)	0.55	-	0.55	-	-	-
Deferred tax liabilities (Net)	-	36.25	36.25	-	18.08	18.08
Provisions	0.14	-	0.14	-	-	-
Other non-financial liabilities	6.34	-	6.34	1.36	-	1.36
Disposal group held for sale	-	-	-	210.24	-	210.24
<b>Total liabilities</b>	<b>52.76</b>	<b>36.25</b>	<b>89.01</b>	<b>219.38</b>	<b>18.08</b>	<b>237.46</b>
<b>Net</b>	<b>332.79</b>	<b>11,264.41</b>	<b>11,597.20</b>	<b>1,223.10</b>	<b>7,703.54</b>	<b>8,926.64</b>

**38. FAIR VALUE MEASUREMENT**

**a) Financial Instruments by Category**

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

(₹ in crore)

<b>As at March 31, 2023</b>	At FVTPL	At FVOCI	Amortised Cost
<b>Financial Assets</b>			
Investments			
- Venture capital fund units	347.82	-	-
- Asset held for sale	3.79	-	-
Cash and Cash Equivalents	-	-	157.94
Bank balances other than cash and cash equivalents	-	-	219.52
Other financial assets	-	-	1.31
<b>Total financial assets</b>	<b>351.61</b>	<b>-</b>	<b>378.77</b>
<b>Financial Liabilities</b>			
Other payables	-	-	40.71
Other financial liabilities	-	-	5.02
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>45.73</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED MARCH 31, 2023

As at March 31, 2022	At FVTPL	At FVOCI	Amortised Cost
<b>Financial Assets</b>			
Investments			
- Venture capital fund units	301.26	-	-
Cash and Cash Equivalents	-	-	286.47
Bank balances other than cash and cash equivalents	-	-	1.55
Trade receivables	-	-	2.01
Other financial assets	-	-	1.15
<b>Total financial assets</b>	<b>301.26</b>	<b>-</b>	<b>291.18</b>
<b>Financial Liabilities</b>			
Other payables	-	-	4.53
Lease liabilities	-	-	3.25
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>7.78</b>

### b) Fair value hierarchy

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

As at March 31, 2023						(In ₹ crore)
Assets and liabilities measured at fair value - recurring fair value measurements	Note	Level 1	Level 2	Level 3	Total	
<b>Financial assets</b>						
Financial Investments at FVTPL						
- Venture capital fund units	6	-	-	347.82	347.82	
- Asset held for sale	29	-	-	3.79	3.79	
<b>Total financial assets</b>		<b>-</b>	<b>-</b>	<b>351.61</b>	<b>351.61</b>	

As at March 31, 2022						(In ₹ crore)
Assets and liabilities measured at fair value - recurring fair value measurements	Note	Level 1	Level 2	Level 3	Total	
<b>Financial assets</b>						
Financial Investments at FVTPL	6					
- Venture capital fund units		-	-	301.26	301.26	
<b>Total financial assets</b>		<b>-</b>	<b>-</b>	<b>301.26</b>	<b>301.26</b>	

- There are no transfers between levels 1, 2 and 3 during the year.
- The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

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

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

#### The hierarchies used are as follows:

**Level 1:** Hierarchy includes financial instruments measured using quoted prices in an active market.

**Level 2:** The fair value of financial instruments that are not traded in an active market (such as mutual fund units) is determined using observable market data and not the entity specific estimates. These investments are valued at closing Net Asset Value (NAV), which represents the repurchase price at which the issuer will redeem the units from investors. Since all significant inputs required to fair value an instrument are observable, the investments are included in Level 2.

**Level 3:** Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market

transactions in the same instrument nor are they based on available market data.

**c) Valuation technique used to determine fair value**

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

**Specific valuation techniques used to value financial instruments include:**

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

^ Considering the illiquidity discount, the Company has provided for additional diminution over and above the NAV communicated by the VCFs in order to appropriately reflect the fair value as on March 31, 2022.

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

**d) Valuation Process**

In order to assess Level 3 valuations as per Group's investment policy, the management relies on the NAVs issued by the VCF's.

The finance team performs the above process and reports directly to the Chief Financial Officer (CFO) of the Group. Discussions of valuation processes and results are held between the finance team and CFO on regular basis. Investment valuation is placed before the members of the board at least once every three months which is in line with the Group's quarterly reporting periods.

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

For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts are a reasonable approximation of their fair value. Such instruments include, cash and bank balances, bank deposits, trade and other receivables, other financial assets, trade and other payables, and other financial liabilities.

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

The following table presents the changes in level 3 items for the years ended March 31, 2023 and March 31, 2022:

	(In ₹ crore)	
	Venture capital units	Total
<b>As at March 31, 2021</b>	197.85	197.85
Acquisitions (net)	28.84	28.84
Gains/(losses) recognised profit and loss	74.57	74.57
<b>As at March 31, 2022</b>	301.26	301.26
Acquisitions (net)	(25.65)	(25.65)
Gains/(losses) recognised profit and loss	72.21	72.21
<b>As at March 31, 2023</b>	<b>347.82</b>	<b>347.82</b>

**g) Valuation inputs and relationships to fair value**

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

	Fair value as at March 31, 2023	Fair value as at March 31, 2022	Significant unobservable inputs*	Probability-weighted range	Sensitivity
Venture Capital Funds	347.82	301.26	Net asset Value	10%	Whilst these investments are not traded on any market, they are exposed to price risk in respect of their underlying investments. 10% is the sensitivity rate used when reporting price risk internally to key management's assessment of the possible net change in underlying prices. A 10% increase / (decrease) in the net asset value would increase/ (decrease) in the Groups' gain / (loss) by ₹ 26.03 crore (March 31, 2022 : ₹ 22.54 crore)

**39. FINANCIAL RISK MANAGEMENT**

**39.1 Introduction**

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

**39.2 Risk management structure**

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

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

**39.3 Credit risk**

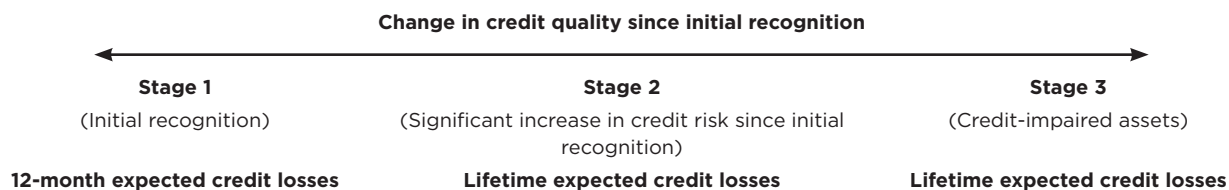
Credit risk is the risk of suffering financial loss, should any of the Group’s customers, clients or market counterparties fail to fulfil their contractual obligations to the Group. Credit risk arises mainly from cash and cash equivalents, deposits with banks, trade and other receivable, loans measured at amortised cost and investment measured at FVTPL.

**a) Expected credit loss methodology**

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

- A financial instrument that is not credit-impaired on initial recognition is classified in ‘Stage 1’ and has its credit risk continuously monitored by the Group.
- If a significant increase in credit risk (‘SICR’) since initial recognition is identified, the financial instrument is moved to ‘Stage 2’ but is not yet deemed to be credit-impaired. Refer note 39(b)(i) below for a description of how the Group determines when a significant increase in credit risk has occurred.
- If the financial instrument is credit-impaired, the financial instrument is then moved to ‘Stage 3’. Refer note 39(b)(i) below for a description of how the Group defines credit-impaired and default.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.
- A pervasive concept in measuring ECL in accordance with Ind AS 109 is that it should consider forward-looking information.

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



**i) Significant increase in credit risk (SICR)**

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

**Quantitative criteria:**

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

**Qualitative criteria:**

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

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

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

**ii) Policy for write-off of financial assets**

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

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

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

**PD Estimation:**

- "Probability of default" (PD) is defined as the probability of whether the borrowers will default on their obligations in the future.
- For Stage 1, 12 month PD are calculated.
- For Stage 2, Lifetime PD are calculated by considering the survival rate of the counterparty for the remaining maturity.
- For Stage 3, Lifetime PD is taken as 100%.

**Exposure at default:**

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

**Loss given default:**

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

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

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

**ECL computation:**

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

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

**b) Credit risk exposure**

**(i) Trade and other receivables**

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

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

	(₹ in crore)
Loss allowance as at March 31, 2021	5.90
Add/(less): changes during the year	(5.90)
Loss allowance as at March 31, 2022	-
Add/(less): changes during the year	-
<b>Loss allowance as at March 31, 2023</b>	<b>-</b>

**39.3.1 Other financial assets**

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

**39.4 Liquidity risk**

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

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

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

	(₹ in crore)		
<b>As at March 31, 2023</b>	Within 12 months	More than 12 months	Total
<b>Financial liabilities</b>			
Trade payables	40.71	-	40.71
Other financial liabilities	5.02	-	5.02
<b>Total undiscounted financial liabilities</b>	<b>45.73</b>	<b>-</b>	<b>45.73</b>
<b>As at March 31, 2022</b>	Within 12 months	More than 12 months	Total
<b>Financial liabilities</b>			
Trade payables	4.53	-	4.53
Other financial liabilities	3.25	-	3.25
<b>Total undiscounted financial liabilities</b>	<b>7.78</b>	<b>-</b>	<b>7.78</b>

**39.5 Market Risk**

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



**39.5.1 Interest Rate Risk - Investment in debt oriented mutual fund**

Interest rate risk is the risk where the Group is exposed to the risk that the fair value or future cash flows of its financial instruments will fluctuate as a result of a changes in market interest rates.

The Group is exposed to interest rate risk from investments held in debt oriented mutual fund units. These funds invests in debt securities. Sensitivity analysis for exposure to interest rate risk in case of units backed by debt securities is not disclosed as there are no investments outstanding as on March 31, 2023 and March 31, 2022.

**39.5.2 Price risk**

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

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

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

**39.5.2.1 Exposure**

	(₹ in crore)	
	As at March 31, 2023	As at March 31, 2022
Investment in venture capital fund units	347.82	301.26
<b>Total</b>	<b>347.82</b>	<b>301.26</b>

**39.5.2.2 Sensitivity**

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

	Impact on profit after tax <sup>(1)</sup>		Impact on OCI <sup>(1)</sup>	
	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2023	Year ended March 31, 2022
<b>Investment in Venture Capital Units</b>				
Benchmark: Increase 100 bps (previous year 100 bps)	26.03	22.54	-	-
Benchmark: Decrease 100 bps (previous year 100 bps)	(26.03)	(22.54)	-	-

<sup>(1)</sup> Profit for the period would increase/ (decrease) as a result of gains/(losses) on investments classified as at fair value through profit or loss. Other components of equity would increase/(decrease) as a result of gains/(losses) on investments classified as at fair value through other comprehensive income.

**39.5.3 Foreign currency risk:**

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

**40. Employee share based payments**

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

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

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

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

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

	Year ended March 31, 2023		Year ended March 31, 2022	
	Average exercise price	Number of options	Average exercise price	Number of options
Opening balance	55.11	3,846,498	56.82	10,604,778
Granted during the year	-	-	53.60	1,200,000
Exercised during the year	54.76	(3,548,494)	49.84	(77,626)
Forfeited during the year	60.35	(28,966)	89.21	(418,690)
Lapsed/expired during the year	59.22	(269,038)	55.44	(7,461,964)
Closing balance	-	-	55.11	3,846,498
Vested and exercisable	-	-	55.80	2,646,498
Unvested	-	-	53.60	1,200,000

The weighted average share price at the date of exercise of options exercised during the year ended March 31, 2023 was ₹ 54.76 (preceding year ₹ 49.84).

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

Grant date	Expiry date	Exercise price	Outstanding as at March 31, 2023	Outstanding as at March 31, 2022
05-Oct-15	18-Apr-17 to 05-Oct-23	60.35	-	809,270
05-Feb-16	05-Feb-22 to 05-Feb-24	41.15	-	210,000
29-Apr-16	14-Jul-17 to 29-Apr-23	43.40	-	70,000
26-Jul-16	14-Jul-17 to 26-Jul-23	53.90	-	111,128
14-Sep-16	14-Sep-22 to 14-Sep-24	59.20	-	100,000
14-Mär-17	14-Mar-23 to 14-Mar-25	51.85	-	42,600
09-May-17	31-May-18 to 09-May-24	63.25	-	103,500
27-Apr-18	27-Apr-23	55.40	-	1,200,000
10-May-21	09-May-25	53.60	-	1,200,000
Total			-	3,846,498
Weighted average remaining contractual life of options outstanding at end of period			-	2.32

**Fair value of options granted:**

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

12,00,000 ESOPS were granted during the year ended March 31, 2022.

The Assumptions used in the model are as follows:

Sr. No.	Variables	Year ended March 31, 2023	Year ended March 31, 2022
1	Risk Free Interest Rate	-	4.71%
2	Expected Life	-	2.50
3	Expected Volatility	-	50.28%
4	Dividend Yield	-	0.00%
5	Price of the underlying share in market at the time of the option grant.(₹)	-	53.60

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

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

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FOR THE YEAR ENDED MARCH 31, 2023

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

	Year ended March 31, 2023		Year ended March 31, 2022	
	Average exercise price (₹)	Number of options	Average exercise price (₹)	Number of options
Opening balance	699	602,000	699	604,000
Granted during the year	-	-	1,280	27,500
Exercised during the year	699	(487,500)	-	-
Forfeited during the year	699	(63,000)	699	(29,500)
Lapsed/expired during the year	-	-	-	-
Transferred on account of sale to Bandhan consortium	699	(51,500)	-	-
Closing balance	-	-	726	602,000
Vested and exercisable	-	-	-	-

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

Grant date	Expiry date	Exercise price	Outstanding as at March 31, 2023	Outstanding as at March 31, 2022
January 01, 2020	01-Jan-28	1,186	-	555,500
April 1, 2020	01-Apr-28	1,443	-	7,500
October 1, 2020	01-Oct-28	699	-	11,500
September 1, 2021	01-Sep-28	699	-	17,500
December 1, 2021	01-Dec-28	699	-	10,000
Total			-	602,000
Weighted average remaining contractual life of options outstanding at end of period			-	5.86

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

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

	Year ended March 31, 2023		Year ended March 31, 2022	
	Average exercise price (₹)	Number of options	Average exercise price (₹)	Number of options
Opening balance	965	365,680	965	387,960
Granted during the year	-	-	-	-
Exercised during the year	965	(357,390)	965	(1,600)
Forfeited during the year	965	(8,290)	965	(20,680)
Lapsed/expired during the year	-	-	-	-
Closing balance	-	-	965	365,680
Vested and exercisable	-	-	965	365,680

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

Grant date	Expiry date	Exercise price	Outstanding as at March 31, 2023	Outstanding as at March 31, 2022
09-Sep-17	09-Sep-25	965	-	346,260
06-Nov-17	06-Nov-25	965	-	9,420
11-Apr-18	11-Apr-26	965	-	10,000
<b>Total</b>			<b>-</b>	<b>365,680</b>
Weighted average remaining contractual life of options outstanding at end of period			-	3.47

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

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

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

**d) Expense arising from share-based payment transactions**

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

	(₹ in crore)	
	Year ended March 31, 2023	Year ended March 31, 2022
IDFC Limited - Employee stock option scheme (equity settled)	0.24	2.01
IDFC FIRST Bank Limited - Employee stock option scheme (equity settled)	(2.34)	(0.47)
<b>Total</b>	<b>(2.10)</b>	<b>1.54</b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED MARCH 31, 2023

## 41. INTEREST IN OTHER ENTITIES

### a) Subsidiaries

The Group's subsidiaries at March 31, 2023 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group.

Name of entity	Principal activities	Place of incorporation and principle business	Ownership interest held by Group (%)		Ownership interest held by non-controlling interests (%)	
			As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
IDFC AMC Trustee Company Limited # (upto January 31, 2023)	Trusteeship services	India	-	100%	-	-
IDFC Asset Management Company Limited * # (upto January 31, 2023)	Asset management services	India	-	99.96%	-	0.04%
IDFC Financial Holding Company Limited	Non operating NBFC	India	100%	100%	-	-
IDFC Investment Managers (Mauritius) Limited # (upto January 31, 2023)	Asset management services	Mauritius	-	99.96%	-	0.04%
IDFC IEH Conservative Fund # (upto October 06, 2022)	AIF Category III Fund	India	-	69.54%	-	30.46%
India Multi Avenues Fund Limited # (upto January 31, 2023)	Investing	India	-	99.96%	-	0.04%
IDFC Foundation** (upto October 27, 2022)	Not-for-profit organization	India	-	100%	-	-

\* IDFC Asset Management Company Limited ("IDFC AMC") launched Employee Stock Option Scheme - ESOS 2017 and ESOS 2020. Maximum aggregate number of employee stock options that may be awarded under both schemes combined are 5% of outstanding issued equity shares of IDFC AMC. There was an employee who was granted 1,600 shares and the same were exercised in the preceding year. Since 100% equity was not held by the Group, IDFC AMC was not considered as 'wholly owned subsidiary' in the preceding year.

\*\* The subsidiary was limited by shares formed under Section 25 of the Companies Act, 1956; now section 8 of the Companies Act, 2013. No dividend can be proposed and paid to the shareholders by these companies. In the event of winding up or dissolution of these companies, after the satisfaction of all its debts and liabilities, any property whatsoever shall be given or transferred to some other institution(s) having object similar to the objects of these companies, to be determined by the members of these companies at or before the time of dissolution or in default thereof by the High Court. The carrying amount of the assets and liabilities included within the consolidated financial statements to which these restrictions apply is as on March 31, 2022 is ₹ 11.71 Crores

# Investments are classified as Held for Sale.

**b) Interest in associates and joint ventures**

Set out below are the associates and joint ventures of the group as at March 31, 2023 which, in the opinion of the directors, are material to the group. The entities listed below have share capital consisting solely of equity shares, which are held directly by the group.

Name of entity	% of ownership interest		Relationship	Accounting Method	Quoted fair value		Carrying value	
	As at March 31, 2023	As at March 31, 2022			As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
IDFC First Bank Limited (Refer note (i) below)	39.99%	36.49%	Associate	Equity Method	14,568.64	9,007.68	10,872.80	7,401.21
Novopay Solutions Private Limited# (till August 31, 2022)	-	23.83%	Associate	Equity Method	-	-*	-	-
Jetpur Somnath Tollways Private Limited#	26.00%	26.00%	Associate	Equity Method	-*	-*	-	-
Delhi Integrated Multi - Modal Transit System Limited ^ (till October 27, 2022)	-	50.00%	Joint Venture	Equity Method	-	-*	-	-
Infrastructure Development Corporation (Karnataka) Limited ("iDeck") ^ (till October 27, 2022)	-	49.49%	Joint Venture	Equity Method	-	-*	-	-
<b>Total equity accounted investments</b>					<b>14,568.64</b>	<b>9,007.68</b>	<b>10,872.80</b>	<b>7,401.21</b>

# Amount in the associate is impaired and stands at Nil value.

\* Note: Unlisted entity - no quoted price available.

^ Amount in the Joint Venture stands at Nil value as Group held these investments through IDFC Foundation, section 8 Company, through which no repatriation can be done to the Group.

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

(ii) IDFC FIRST Bank Limited is taken on consolidated basis. It includes IDFC FIRST Bharat Limited (subsidiary) and Millennium City Expressways Private Limited (associate).

(iii) iDeck includes India PPP Capacity Building Trust, subsidiary of the iDeck

# NOTES TO CONSOLIDATED FINANCIAL STATEMENT

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i) <b>Commitments and contingent liabilities in respect of associates and joint ventures</b>	(In ₹ crore)	
	As at March 31, 2023	As at March 31, 2022
<b>Contingent liabilities - associates</b>		
Derivative and non-fund based exposure	142,701.30	75,211.93
<b>Total commitments and contingent liabilities</b>	<b>142,701.30</b>	<b>75,211.93</b>

## ii) **Summarised financial information for associates i.e. IDFC FIRST Bank Limited**

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

Summarised balance sheet	(In ₹ crore)	
	IDFC FIRST Bank Limited	
	As at March 31, 2023	As at March 31, 2022
Total assets	249,636.25	200,607.92
Total liabilities	224,646.89	180,653.65
<b>Net Assets</b>	<b>24,989.36</b>	<b>19,954.27</b>

Reconciliation to carrying amounts	(In ₹ crore)	
	IDFC FIRST Bank Limited	
	As at March 31, 2023	As at March 31, 2022
Opening Net Assets	19,954.27	16,489.54
Profit / (loss) during the year	2,611.16	20.01
Other comprehensive income for the year	92.73	348.13
Equity shares issued during the year (including share premium)	2,280.25	3,048.32
Other reserve movement	50.95	48.27
<b>Closing net assets</b>	<b>24,989.36</b>	<b>19,954.27</b>
Group's Share in %	39.99%	36.49%
Group's Share in ₹	9,993.25	7,281.31
Excess of purchase cost over proportionate net assets (for additional stake acquired during the year)	666.08	695.38
Change due to change in holding	213.47	575.48
<b>Carrying Amount</b>	<b>10,872.80</b>	<b>7,401.21</b>

Summarised statement of profit and loss	(In ₹ crore)	
	IDFC FIRST Bank Limited	
	As at March 31, 2023	As at March 31, 2022
Total Income	15,824.55	11,805.45
Profit / (loss) for the year	2,611.16	20.01
Other comprehensive income	92.73	348.13
<b>Total comprehensive income</b>	<b>2,703.89</b>	<b>368.14</b>

Breakup of Other Comprehensive Income	(In ₹ crore)	
	IDFC FIRST Bank Limited	
	As at March 31, 2023	As at March 31, 2022
Other Comprehensive Income / (loss) to the extent not to be reclassified to Profit or Loss	245.86	50.70
Other Comprehensive Income / (loss) to the extent that may be reclassified to Profit or Loss	(153.13)	297.43
<b>Total Other Comprehensive Income / (Loss)</b>	<b>92.73</b>	<b>348.13</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED MARCH 31, 2023

iii) Amount recognised in the statement of profit and loss	(In ₹ crore)	
	Year ended March 31, 2023	Year ended March 31, 2022
Share of profit / (loss) from associates	1,011.95	134.33
Share of loss from joint ventures *	-	(105.60)
<b>Total share of profits / (loss) from associates and joint ventures</b>	<b>1,011.95</b>	<b>28.73</b>

\* Disclosed under profit/(loss) from discontinued operations

iv) Unrecognised share of loss of an associate	(In ₹ crore)	
	As at March 31, 2023	As at March 31, 2022
<b>Unrecognised share of loss of an associate:</b>		
<b>- Novopay Solutions Private Limited and Jetpur Somnath Tollways Private Limited</b>		
Opening balance of unrecognised share of loss	(141.01)	(140.16)
Share in Profit/ (loss) during the period	0.79	0.85
<b>Closing balance of unrecognised share of loss</b>	<b>(140.22)</b>	<b>(141.01)</b>

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

After the dilution in stake of Novopay during FY 22-23, NSPL is no longer an associate of the Group. Hence the closing balance of unrecognised share of loss pertains to JSTPL as on March 31, 2023. Investment in Novopay Solutions Private Limited is impaired and stands at Nil value as on March 31, 2022.

v) Unrecognised share of losses of Joint Venture	(In ₹ crore)	
	As at March 31, 2023	As at March 31, 2022
<b>Unrecognised share of loss of Joint Venture:</b>		
<b>- Delhi Integrated Multi Modal Transit System Ltd. and Infrastructure Development Corporation Limited</b>		
Opening balance of unrecognised share of loss	(118.16)	-
Reversal of profits of Joint Ventures till previous year	118.16	(105.60)
Share in Profit/ (loss) during the period	-	(12.56)
<b>Closing balance of unrecognised share of loss</b>	<b>-</b>	<b>(118.16)</b>

#### 42. DISCLOSURE OF ADDITIONAL INFORMATION PERTAINING TO THE PARENT, SUBSIDIARY AND JOINT VENTURE COMPANIES AS PER SCHEDULE III OF THE COMPANIES ACT, 2013 AS ON MARCH 31, 2023

Name of the entity in the group	Net Assets, i.e., total assets minus total liabilities		Share in profit and loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	(In ₹ crore)	As % of consolidated profit or Loss	(In ₹ crore)	As % of consolidated other comprehensive Income	(In ₹ crore)	As % of consolidated total comprehensive income	(In ₹ crore)
<b>Holding Company</b>								
IDFC Limited	82.53	9,570.64	47.81	2,029.10	(0.26)	(0.10)	47.37	2,029.00
<b>Indian subsidiary companies</b>								
IDFC AMC Trustee Company Limited (upto January 31, 2023)	-	-	0.00	0.02	(0.01)	(0.00)	0.00	0.02
IDFC Asset Management Company Limited (upto January 31, 2023)	-	-	2.06	87.61	3.89	1.53	2.08	89.14
IDFC Financial Holding Company Limited	93.32	10,822.44	76.99	3,267.25	-	-	76.28	3,267.25
IDFC Foundation (upto October 27, 2022)	-	-	0.00	0.06	-	-	0.00	0.06
India Multi Avenues Fund Limited (upto January 31, 2023)	-	-	-	-	-	-	-	-
<b>Foreign subsidiary companies</b>								
IDFC Investment Managers (Mauritius) Limited (upto January 31, 2023)	-	-	(0.01)	(0.47)	-	-	(0.01)	(0.47)
<b>Indian associate companies</b>								
IDFC FIRST Bank Limited (formerly known as IDFC Bank Limited)	93.75	10,872.80	22.95	974.18	96.37	37.78	23.61	1,011.96
Jetpur Somnath Tollways Private Limited	-	-	-	-	-	-	-	-
<b>Total (A)</b>	<b>269.60</b>	<b>31,265.88</b>	<b>149.81</b>	<b>6,357.76</b>	<b>100.00</b>	<b>39.21</b>	<b>149.35</b>	<b>6,396.96</b>



# NOTES TO CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED MARCH 31, 2023

Name of the entity in the group	Net Assets, i.e., total assets minus total liabilities		Share in profit and loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	(In ₹ crore)	As % of consolidated profit or Loss	(In ₹ crore)	As % of consolidated other comprehensive Income	(In ₹ crore)	As % of consolidated total comprehensive income	(In ₹ crore)
<b>a) Adjustment arising out of consolidation</b>								
Intercompany Eliminations	(169.60)	(19,668.68)	(49.80)	(2,113.86)	-	-	(49.35)	(2,113.86)
<b>b) Non-controlling interests</b>								
- IDFC Asset Management Company Limited (upto January 31, 2023)	-	-	0.00	0.04	-	-	0.00	0.04
<b>Total (B)</b>	<b>(169.60)</b>	<b>(19,668.68)</b>	<b>(49.81)</b>	<b>(2,113.82)</b>	<b>-</b>	<b>-</b>	<b>(49.35)</b>	<b>(2,113.82)</b>
<b>Total (A) + (B)</b>	<b>100.00</b>	<b>11,597.20</b>	<b>100.00</b>	<b>4,243.93</b>	<b>100.00</b>	<b>39.21</b>	<b>100.00</b>	<b>4,283.14</b>

## 42. DISCLOSURE OF ADDITIONAL INFORMATION PERTAINING TO THE PARENT, SUBSIDIARY AND JOINT VENTURE COMPANIES AS PER SCHEDULE III OF THE COMPANIES ACT, 2013 AS ON MARCH 31, 2022

Name of the entity in the group	Net Assets, i.e., total assets minus total liabilities		Share in profit and loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	(In ₹ crore)	As % of consolidated profit or Loss	(In ₹ crore)	As % of consolidated other comprehensive Income	(In ₹ crore)	As % of consolidated total comprehensive income	(In ₹ crore)
<b>Holding Company</b>								
IDFC Limited	106.40	9,497.38	84.75	54.50	(0.07)	(0.09)	28.34	54.41
<b>Indian subsidiary companies</b>								
IDFC AMC Trustee Company Limited	0.01	0.47	0.21	0.13	0.00	0.00	0.07	0.13
IDFC Asset Management Company Limited	2.45	218.30	273.63	175.99	0.68	0.87	92.05	176.86
IDFC Financial Holding Company Limited	105.84	9,448.18	453.08	291.41	-	-	151.66	291.41
IDFC Foundation	0.13	11.71	(53.31)	(34.29)	0.02	0.02	(17.83)	(34.27)
India Multi Avenues Fund Limited	-	-	-	-	-	-	-	-
IDFC IEH Conservative fund	0.48	42.57	0.97	0.63	-	-	0.33	0.63
<b>Foreign subsidiary companies</b>								
IDFC Investment Managers (Mauritius) Limited	0.00	0.31	(0.83)	(0.53)	-	-	(0.28)	(0.53)
<b>Indian associate companies</b>								
IDFC FIRST Bank Limited (formerly known as IDFC Bank Limited)	82.91	7,401.21	11.35	7.30	99.37	127.03	69.89	134.33
<b>Joint venture company</b>								
Delhi Integrated Multi - Modal Transit System Limited	-	-	(93.75)	(60.30)	-	-	(31.38)	(60.30)
Infrastructure Development Corporation (Karnataka) Limited ("iDeck")	-	-	(70.44)	(45.30)	-	-	(23.58)	(45.30)
<b>Total (A)</b>	<b>298.22</b>	<b>26,620.13</b>	<b>605.66</b>	<b>389.54</b>	<b>100.00</b>	<b>127.83</b>	<b>269.27</b>	<b>517.37</b>
<b>a) Adjustment arising out of consolidation</b>								
Intercompany Eliminations	(198.07)	(17,680.43)	(505.24)	(324.96)	-	-	(169.13)	(324.96)
<b>b) Non-controlling interests</b>								
- IDFC IEH Conservative Fund	(0.15)	(12.96)	(0.30)	(0.19)	-	-	(0.10)	(0.19)
- IDFC IEH Tactical Fund	-	-	-	-	-	-	-	-
- IDFC Asset Management Company Limited	(0.00)	(0.10)	(0.12)	(0.08)	-	-	(0.04)	(0.08)
<b>Total (B)</b>	<b>(198.22)</b>	<b>(17,693.49)</b>	<b>(505.66)</b>	<b>(325.23)</b>	<b>-</b>	<b>-</b>	<b>(169.27)</b>	<b>(325.23)</b>
<b>Total (A) + (B)</b>	<b>100.00</b>	<b>8,926.64</b>	<b>100.00</b>	<b>64.31</b>	<b>100.00</b>	<b>127.83</b>	<b>100.00</b>	<b>192.14</b>

**43. RELATED PARTY TRANSACTIONS**

**a) Subsidiaries**

**Direct (subsidiaries of parent):**

IDFC Foundation (upto October 27, 2022)

IDFC Financial Holding Company Limited

**Indirect subsidiaries:**

IDFC Asset Management Company Limited (upto January 31, 2023)

IDFC AMC Trustee Company Limited (upto January 31, 2023)

IDFC Investment Managers (Mauritius) Limited (upto January 31, 2023)

India Multi Avenues Fund Limited (upto January 31, 2023)

IDFC IEH Conservative Fund (upto October 06, 2022)

**b) Joint ventures Indirect subsidiaries:**

Delhi Integrated Multi-Modal Transit System Limited (upto October 27, 2022)

Infrastructure Development Corporation (Karnataka) Limited (upto October 27, 2022)

India PPP Capacity Building Trust (upto October 27, 2022)

**c) Associates Direct:**

Novopay Solutions Private Limited (upto August 31, 2022)

**Indirect subsidiaries:**

IDFC FIRST Bank Limited

IDFC FIRST Bharat Limited

Millennium City Expressways Private Limited

Jetpur Somnath Tollways Private Limited

**d) Key management personnel**

Mr. Sunil Kakar - Managing Director & CEO (upto September 30, 2022)

Mr. Mahendra N. Shah - Managing Director (w.e.f. October 01, 2022)

Mr. Bipin Gemani - Chief Financial Officer

Mr. Vinod Rai - Independent director (upto May 24, 2021)

Mr. Vinod Rai -Non Independent director (wef May 25, 2021 upto September 22, 2021)

Ms. Ritu Anand - Independent director (upto August 15, 2022)

Mr. Ajay Sondhi - Independent director

Ms. Anita Belani - Independent Director (w.e.f November 09, 2021)

Dr. Jaimini Bhagwati - Independent director (w.e.f. May 25, 2021)

Mr. Anil Singhvi - Independent director (w.e.f. May 25, 2021)

**e) Key management personnel compensation**

	(In ₹ crore)	
	Year ended March 31, 2023	Year ended March 31, 2022
Short-term employee benefit*	11.66	5.48
Long-term employee benefit	0.57	0.62
<b>Total</b>	<b>12.23</b>	<b>6.10</b>

\*Includes ESOP perquisite of ₹ 5.92 crores (previous year Nil)

Sitting fees and Commission to directors has been disclosed as “Directors’ Sitting Fees” & “Commission to Directors” under “other expenses” in note 26.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED MARCH 31, 2023

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

	(In ₹ crore)			
	Associates / JV's / Others	Associates / JV's / Others	Key Management Personnel	Key Management Personnel
	2023	2022	2023	2022
<b>INCOME</b>				
Interest	23.66	0.34	-	-
Sitting fees received	0.01	0.04	-	-
<b>EXPENDITURE</b>				
Remuneration paid (other than directors sitting fees & commission to directors)	-	-	12.23	6.10
Shared service cost	-	0.32	-	-
Lease rent	-	0.05	-	-
<b>ASSETS / TRANSACTIONS</b>				
Current account balance	4.37	66.71	-	-
Fixed deposits placed	5,842.65	316.99	-	-
Fixed deposits matured	5,683.30	93.29	-	-
Fixed deposits - Balance outstanding	373.05	223.70	-	-
Interest accrued on deposits	1.06	0.14	-	-
Other receivables	-	0.02	-	-
Outstanding Preference investment	89.55	89.55	-	-
Outstanding Equity investment	10,593.40	8,462.93	-	-

**44 The disclosure on the following matters required under Schedule III as amended on March 24, 2021 not being relevant or applicable in case of the Group, same are not covered:**

- (i) The Group has not traded or invested in crypto currency or virtual currency during the financial year.
- (ii) No proceedings have been initiated or are pending against the Group for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- (iii) The Group has not been declared willful defaulter by any bank or financial institution or government or any government authority.
- (iv) No satisfaction of charges are pending to be filed with ROC.
- (v) There are no transactions which are not recorded in the books of account which have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.
- (vi) The Holding Company had entered into scheme of arrangement, details of which are disclosed in Note 1A. As approval from RD is still pending, no accounting impact has been given in current or previous financial year. The Holding Company filed petition with National Company Law Tribunal (NCLT) - Chennai and NCLT has passed the order on November 22, 2022 in favor of the Holding Company.
- (vii) There have been no revaluation of Plant, Property and Equipment during the current year.
- (viii) The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
  - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the group (Ultimate Beneficiaries) or
  - (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (ix) The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the group shall:
  - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
  - (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (x) The Group has not advanced any loans or advances in the nature of loans to specified persons viz. promoters, directors, KMPs, related parties; which are repayable on demand or where the agreement does not specify any terms or period of repayment.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENT

FOR THE YEAR ENDED MARCH 31, 2023

(xi) The Company has not entered into any transaction with Struck off Companies other than those stated below:.

Name of struck off Company	Nature of transactions with struck-off Company	Balance outstanding (No.of shares as on March 31, 2023)	Balance outstanding (No.of shares as on March 31, 2022)
Arpita Trading	Shares of parent entity	-	4,500
Jalan Holdings Private Limited	held by struck off company	-	1,500
Safna Consultancy Pvt Ltd		500	500
Yogesh Investment Pvt.ltd.		200	200
Vinayak Consulting Private Limited		10	10
Kothari Intergroup Ltd.		2	2
Vaishak Shares Limited		1	1
Dreams Broking Pvt Ltd		1	1
Avni Financial Advisors Private Limited		400	-
Siddha Papers Private Limited		25	-
Binodini Projects Limited		15	-

### 45. OTHER DISCLOSURES:

(i) The Group did not have any long term contracts including derivative contracts for which there are any material losses.

46. Previous year numbers have been regrouped / rearranged wherever necessary, in order to make them comparable. There are no significant regrouping / reclassification during the year.

#### For KKC & Associates LLP

(formerly Khimji Kunverji & Co LLP)  
Chartered Accountants  
Firm Registration No. 105146W/ W100621

#### Devang Doshi

Partner  
Membership Number: 140056

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

#### Anil Singhvi

Non-Executive Chairman  
(DIN: 00239589)

#### Mahendra N. Shah

Managing Director  
(DIN: 00124629)

#### Shivangi Mistry

Company Secretary  
(ACS: 52174)

#### Bipin Gemani

Chief Financial Officer  
(PAN: AACPG6412A)

Mumbai, May 04, 2023

# IDFC FINANCIAL HOLDING COMPANY LIMITED

**CIN** U65900TN2014PLC097942

**DIRECTORS** Mr. Vishwavir Saran Das  
(Chairman)  
Ms. Sudha Krishnan  
Ms. Anita Belani  
Mr. Ajay Sondhi

**AUDITORS** V. C. Shah & Co,  
Chartered Accountants, LLP

**PRINCIPAL  
BANKER** IDFC FIRST Bank Limited

**REGISTERED  
OFFICE** 4<sup>th</sup> Floor, Capitale Tower,  
555 Anna Salai,  
Thiru Vi Ka Kudiyiruppu,  
Teynampet, Chennai - 600 018  
TEL: +91 44 4564 4201 / 4202 / 4223

## BOARD'S REPORT

### TO THE MEMBERS

Your Directors have pleasure in presenting the Ninth Annual Report together with the audited financial statements for the year ended March 31, 2023.

### OPERATIONS REVIEW

IDFC Financial Holding Company Limited ("IDFC FHCL" or "the Company") is a non-operative financial holding Company registered with RBI and holds investments in IDFC FIRST Bank Limited ("IDFC FIRST Bank" or "the Bank").

### FINANCIAL HIGHLIGHTS

	(RS. IN LACS)	
	FOR THE YEAR ENDED MARCH 31, 2023	FOR THE YEAR ENDED MARCH 31, 2022
Total Income	367,631	34,054
Less: Total Expenses	4,192	672
Profit before Tax	363,439	33,382
Less: Provision for Tax	36,714	4,241
<b>Profit after Tax</b>	<b>326,725</b>	<b>29,141</b>

### AMOUNT TO BE CARRIED FORWARD TO RESERVES

The details of amount transferred to reserves are given in note no. 11B of the Notes forming part of the financial statements.

### DIVIDEND

During the year, the Directors do not recommend any dividend for the financial year ended March 31, 2023. The Company is a wholly owned subsidiary of IDFC Limited ("IDFC"). The Company declared and paid interim dividend amounting to Rs. 170/- crores (gross) on April 06, 2022 and Rs. 1,760/- crores (gross) on January 31, 2023.

### HOLDING, SUBSIDIARY, JOINT VENTURE AND ASSOCIATE COMPANIES

The Company has one holding and two associates, as on date which are given below:

SR. NO.	NAME OF THE COMPANY	DIRECT / INDIRECT	% OF SHAREHOLDING
<b>Holding Company</b>			
i.	IDFC Limited	Direct	100.00
<b>Associates</b>			
i.	IDFC FIRST Bank Limited	Direct	39.99
ii.	IDFC FIRST Bharat Limited	Indirect through IDFC FIRST Bank	39.99

A statement containing salient features of the financial statement and all other requisite details of the aforesaid subsidiary company in the format AOC-I shall form part of this report.

### IDFC ASSET MANAGEMENT COMPANY LIMITED AND IDFC AMC TRUSTEE COMPANY LIMITED

The Board of Directors of IDFC and the Board of Directors of IDFC FHCL at their respective meetings held on April 06, 2022, had inter alia considered binding bids received in connection with divestment of IDFC Asset Management Company Limited ("IDFC AMC") along with IDFC AMC Trustee company Limited ("IDFC AMC Trustee") and had approved sale of the entire shareholding of IDFC AMC and IDFC AMC Trustee held by IDFC FHCL to a consortium comprising of Bandhan Financial Holding Limited, Lathe Investment Pte. Ltd. (affiliate of GIC), Tangerine Investments Limited and Infinity Partners (affiliates of ChrysCapital). On July 07, 2022, the Shareholders through postal ballot had approved the divestment/ sale/ disposal of the IDFC AMC (material subsidiary of IDFC Limited) and IDFC AMC Trustee.

The aforesaid transaction completed on January 31, 2023 after receipt of all necessary regulatory approvals and completion of mutually agreed closing related actions. On sale of IDFC AMC, IDFC FHCL (a wholly owned subsidiary of IDFC Limited) received sale consideration of INR 4,490.50 crore. The sale proceeds of Rs. 4,490.50 crore were utilised to:

- pay income tax of approx. Rs. 350.00 crore;
- subscribe to preferential offer made by IDFC FIRST Bank @ Rs. 58.18 per share to take our holding in IDFC FIRST Bank from 36.4% to 39.99%, Rs. 2,200.00 crore;
- pay dividend to IDFC's Shareholders Rs. 1,760.00 crore.

As a result of the sale, IDFC AMC and IDFC AMC Trustee Company ceased to be Subsidiaries of IDFC FHCL. Subsequently, on April 19, 2023 name has been changed from IDFC Asset Management Company Limited to Bandhan AMC Limited and IDFC AMC Trustee Company Limited to Bandhand Mutual Fund Trustee Limited.

### PROPOSED MERGER OF IDFC, IDFC FHCL AND IDFC FIRST BANK

The Boards of IDFC, IDFC FHCL and IDFC FIRST Bank at their respecting meetings held on December 30, 2021 have accorded in-principle approval to merge IDFC and IDFC FHCL with IDFC FIRST Bank. The Board of directors at its meeting held on March 18, 2023 approved: (a) Appointment of SSPA & CO., Chartered Accountants as registered valuer for recommendation of fair share exchange ratio (b) Appointment of Axis Capital Limited for issuance of fairness opinion on the share exchange ratio (c) Appointment of Cyril Amarchand Mangaldas - Law Firm for conducting due diligence, drafting and finalizing scheme of amalgamation and filing regulatory applications.

Based on recommendations and report of the Audit Committee and the Independent Directors' Committee, the Board of Directors of IDFC and IDFC FHCL, at their respective meetings held on July 3, 2023, have Inter alia, approved a composite Scheme of Amalgamation,

## BOARD'S REPORT

(“the Scheme”) which inter alia envisages the amalgamation of: (i) IDFC FHCL into and with IDFC; and (ii) IDFC into IDFC FIRST Bank, and their respective shareholders, under Sections 230 to 232 of the Act and other applicable laws including the rules and regulations (“Proposed Transaction”).

The Scheme is subject to the receipt of requisite approvals from: (i) the Reserve Bank of India (“RBI”), (ii) Securities and Exchange Board of India (“SEBI”), (iii) Pension Fund Regulatory and Development Authority, (iv) Competition Commission of India (“CCI”), (v) National Company Law Tribunal, (vi) BSE Limited and the National Stock Exchange of India Limited (collectively, the “Stock Exchanges”), and (vii) other statutory and regulatory authorities, and the respective shareholders, under applicable law. The share exchange ratio for the amalgamation of IDFC with and into IDFC FIRST Bank shall be 155 equity shares

(credited as fully paid up) of face value of INR 10 (Indian Rupees Ten) each of IDFC FIRST Bank for every 100 fully paid-up equity shares of face value of INR 10 (Indian Rupees Ten) of IDFC.

As per the Scheme, (i) “Appointed date 1” means close of business hours on the day immediately preceding the Effective Date for the merger of IDFC FHCL into and with IDFC, and (ii) “Appointed Date 2” means opening of business hours on the Effective Date for merger of IDFC into IDFC FIRST Bank. The Scheme shall be operative from the Effective Date (as defined in the Scheme).

### PREFERENTIAL ISSUE BY IDFC FIRST BANK

On March 23, 2023, IDFC FHCL had subscribed and been allotted 37,75,00, 859 (Thirty Seven Crore Seventy Five Lakh Eight Hundred and Fifty Nine) equity shares of face value of Rs. 10/- each fully paid-up of IDFC FIRST Bank on a preferential basis at a price of Rs. 58.18/- per equity share on payment of the application money of approx. Rs. 2,196.30 Crores (Rupees Two Thousand One Hundred Ninety Six Crore and Thirty Lakhs only) to IDFC FIRST Bank.

### PARTICULARS OF EMPLOYEES

Mr. Bimal Giri, Chief Executive Officer of the Company resigned w.e.f. December 31, 2022.

The Company does not have any employee as on March 31, 2023.

### PUBLIC DEPOSITS

The Company has neither invited nor accepted any Public Deposits during the year under review.

### PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

The provision of Section 186 of the Companies Act, 2013 are not applicable to the Company and hence, the particulars of loans, guarantees and investments have not been given.

### FOREIGN EXCHANGE EARNINGS AND EXPENDITURE

There were no foreign exchange earnings or expenditure during the year under review.

### PARTICULARS REGARDING CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

Since the Company does not carry out any manufacturing activity, the particulars regarding conservation of energy, technology absorption and other particulars as required by the Companies (Accounts) Rules, 2014 are not applicable.

### DIRECTORS & KMPs FOR FY23

The following are the Directors and KMPs of the Company:

SR. NO.	NAME OF THE DIRECTOR / KMP	DESIGNATION
1.	Mr. Vishwavir Saran Das	Chairman & Independent Director
2.	Ms. Sudha Krishnan	Independent Director
3.	Mr. Ajay Sondhi	Nominee Director
4.	Ms. Anita Belani	Nominee Director
5.	Mr. Bimal Giri*	Chief Executive Officer (till December 31, 2022)
6.	Mr. Bipin Gemani	Chief Financial Officer
7.	Ms. Shivangi Mistry***	Company Secretary (w.e.f. Sept. 20, 2022)
8.	Mr. Mahendra N Shah**	Company Secretary (till Sept. 19, 2022)

\*The Board of Directors of IDFC FHCL at its meeting held on December 07, 2021 had recommended the re-appointment of Mr. Bimal Giri as the Chief Executive Officer (“CEO”) of the Company, subject to approval of the Reserve Bank of India (RBI). RBI, vide its letter dated March 21, 2022, has communicated it’s No objection for the re-appointment of Mr. Bimal Giri as CEO of IDFC FHCL w.e.f. April 01, 2022 till March 31, 2023. The Board of Directors of IDFC FHCL, at its meeting held on November 07, 2022 accepted the resignation of Mr. Bimal Giri as CEO of IDFC FHCL at the close of business hours on December 31, 2022.

\*\*The Board of Directors of IDFC FHCL, at its meeting held on September 19, 2022 accepted the resignation of Mr. Mahendra N Shah as Company Secretary and Compliance Officer of IDFC FHCL at the close of business hours on September 19, 2022.

\*\*\*Further, based on recommendation of Nomination and Remuneration Committee, the Board of Directors of the Company appointed Ms. Shivangi Mistry as Company Secretary and Compliance Officer of the Company w.e.f. September 20, 2022 as designated Key Managerial Personnel in place of Mr. Mahendra N Shah.

In accordance with the Articles of Association of the Company and pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Ajay Sondhi (DIN: 01657614) would retire by rotation at the ensuing AGM and being eligible, offers himself for re-appointment. The Board of Directors recommends re-appointment of Mr. Ajay Sondhi at the ensuing AGM.

## BOARD'S REPORT

On June 30, 2023, the Board of Directors of IDFC FHCL, approved appointment of Mr. Mayank Goyal as the "Manager" of the Company with immediate effect. Mr. Mayank Goyal is now designated Key Managerial Personnel in place of Mr. Bimal Giri.

### DECLARATION OF INDEPENDENCE

The Company has received a declaration from IDs, at the time of their respective appointments and also at the first meeting of the Board of Directors held in the financial year, that they meet the criteria of independence specified under sub-section (6) and (7) of Section 149 of the Act, read with Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and that they shall abide by the "Code for Independent Directors" as per Schedule IV of the Act.

### BOARD MEETINGS

During FY23, the Board met Nine times and gap between two consecutive board meetings was less than one hundred and twenty days. The dates of the meetings were: April 06, 2022; May 20, 2022; August 04, 2022; September 19, 2022; November 07, 2022; January 31, 2023; February 06, 2023; February 27, 2023; and March 18, 2023. The composition of the Board is in compliance with the Companies Act, 2013. Attendance details of the Board Meeting are given in table below:

#### ATTENDANCE DETAILS OF BOARD OF DIRECTORS FOR FY23

NAME OF THE DIRECTOR	DIN	POSITION	NO. OF MEETINGS HELD	NO. OF MEETINGS ATTENDED
Mr. Vishwavir Saran Das	03627147	Chairman & Independent Director	9	9
Ms. Sudha Krishnan	02885630	Independent Director	9	9
Mr. Ajay Sondhi	01657614	Nominee Director	9	8
Ms. Anita Belani	01532511	Nominee Director	9	9

### COMMITTEES OF THE BOARD

As of March 31, 2023, IDFC FHCL had the following Board Level Committees:

(i) Audit and Risk Committee; (ii) Nomination & Remuneration Committee; (iii) CSR Committee (iv) IT Strategy Committee (v) Independent Directors Committee

#### AUDIT AND RISK COMMITTEE

During the year, Five Audit & Risk Committee meetings were held: May 20, 2022; August 04, 2022; September 19, 2022, November 07, 2022 and January 31, 2023. The gap between the two meetings was within the limit prescribed under the Companies Act, 2013. The Committee re-constituted on August 04, 2022. Mr. Sondhi ceased to be a member of the committee w.e.f. August 04, 2022.

As on date of this report, the Audit & Risk Committee of the Company comprises of the following members:

- Ms. Sudha Krishnan - Chairperson
- Mr. Vishwavir Saran Das - Member
- Ms. Anita Belani - Member

The committee meets, inter alia, to review the accounts of the Company, transactions with related parties and to discuss the audit findings and recommendations of the internal auditors. The Committee also reviews & monitor Liquidity risk and Operational risk at Company level and reviews risk in detail for 2 underlying operating companies viz. IDFC FIRST Bank & IDFC AMC (till January 31, 2023).

#### ATTENDANCE DETAILS OF AUDIT AND RISK COMMITTEE MEETINGS FOR FY23

NAME OF THE MEMBER	POSITION	STATUS	NO. OF MEETINGS HELD DURING TENURE	NO. OF MEETINGS ATTENDED DURING TENURE
Ms. Sudha Krishnan	Independent Director	Chairperson	5	5
Mr. Vishwavir Saran Das	Independent Director	Member	5	5
Mr. Ajay Sondhi <sup>1</sup>	Nominee Director	Member	2	2
Ms. Anita Belani	Nominee Director	Member	5	5

<sup>1</sup> Ceased to be Member w.e.f. August 04, 2022

#### NOMINATION AND REMUNERATION COMMITTEE ("NRC")

The NRC meets, inter alia, to fill up of vacancies in the Board, evaluate the performance of the Board and its individual Members. The NRC recommends to the Board from time to time the framework relating to the remuneration for the Directors and Key Managerial Personnel. The Company has put in place Board approved remuneration policy which is in line with the requirements of the Act. The Committee met once during FY23 on March 17, 2023. The Committee re-constituted on August 04, 2022. Mr. Sondhi ceased to be a member of the committee w.e.f. August 04, 2022. The composition and attendance details of NRC of the Company for FY23 is given below:

As on date, Committee comprises of

- Ms. Anita Belani - Chairperson
- Ms. Sudha Krishnan - Member
- Mr. Vishwavir Saran Das - Member



## BOARD'S REPORT

### ATTENDANCE DETAILS OF NOMINATION AND REMUNERATION COMMITTEE MEETINGS FOR FY23

NAME OF THE MEMBER	POSITION	STATUS	NO OF MEETINGS HELD IN FY23	NO OF MEETINGS ATTENDED IN FY23
Ms. Anita Belani	Nominee Director	Chairperson	1	1
Mr. Vishwavir Saran Das	Independent Director	Member	1	1
Ms. Sudha Krishnan	Independent Director	Member	1	1
Mr. Ajay Sondhi <sup>1</sup>	Nominee Director	Member	0	0

<sup>1</sup> Ceased to be Member w.e.f. August 04, 2022

### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

No CSR meeting held during FY23. The Committee re-constituted on August 04, 2022. Mr. Vishwavir Saran Das ceased to be member of the Committee w.e.f. August 04, 2022. The composition and attendance details of the Meetings of Corporate Social Responsibility Committee of the Company are given below:

### ATTENDANCE DETAILS OF CORPORATE SOCIAL RESPONSIBILITY COMMITTEE MEETINGS FOR FY23

NAME OF THE MEMBER	POSITION	STATUS	NO OF MEETINGS HELD IN FY23	NO OF MEETINGS ATTENDED IN FY23
Ms. Anita Belani	Nominee Director	Chairperson	0	0
Mr. Vishwavir Saran Das <sup>1</sup>	Independent Director	Member	0	0
Ms. Sudha Krishnan	Independent Director	Member	0	0
Mr. Ajay Sondhi	Nominee Director	Member	0	0

<sup>1</sup> Ceased to be Member w.e.f. August 04, 2022

Pursuant to Section 135 and Schedule VII of the Act and Rules made thereunder and on recommendation of CSR Committee, the Board approved the CSR Policy and the said policy is available on the website of the Company - [www.idfclimited.com](http://www.idfclimited.com).

### IT STRATEGY COMMITTEE

As per the provisions of RBI master direction RBI/DNBS/2016-17/53 DNBS PPD.No.04/66.15.001/2016-17 dated June 8, 2017 pertaining to "Information Technology Framework for NBFC sector, during the year, IT Strategy Committee was reconstituted on March 18, 2023 having Ms. Sudha Krishnan as Independent Director & Chairperson of the Committee and Mr. Mahendra N Shah & Mr. Bipin Gemani as Members. Mr. Mahendra N Shah was inducted as a member in place of Mr. Sunil Kakar. The Committee met twice on May 09, 2022 and November 07, 2022 and all the Members attended the meeting.

### STRATEGY AND INVESTMENT COMMITTEE

The Board of Directors at its meeting held on August 04, 2022 decided to discontinue the said committee with immediate effect.

### SEPARATE MEETING OF INDEPENDENT DIRECTORS

The Independent Directors of the Company met on March 17, 2023 without the presence of Non-Independent Directors and Senior Management team of the Company. All Independent Directors attended the meeting and discussed the matter as required under the relevant Provisions of the Companies Act, 2013.

### BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013, a detailed questionnaire was prepared and circulated to the Board for Annual evaluation for FY23. The Directors evaluated the Board as a whole, its committee and Individual Directors including Chairman and Independent Director. The exercise of Board evaluation was carried out and completed effectively.

### AUDITORS

At the AGM of the Company held on September 20, 2021, the Shareholders had approved the appointment of V. C. Shah & Co, Chartered Accountants (FRN NO: 109818W), as Statutory Auditors of the IDFC FHCL for a period of 3 years to hold office from the conclusion of the 7<sup>th</sup> AGM till the conclusion of the 10<sup>th</sup> AGM of the Company. V. C. Shah & Co has confirmed that they are not disqualified from continuing as Statutory Auditors of the Company for FY23-24. In accordance with the Companies Amendment Act, 2017, enforced on May 7, 2018, by the Ministry of Corporate Affairs, the appointment of the Statutory Auditors is not required to be ratified at every Annual General Meeting.

### RELATED PARTY TRANSACTION

The Company has in place the policy on Related Party Transactions ("RPT") and the same has been uploaded on the website of the Company [www.idfclimited.com](http://www.idfclimited.com). Since all RPTs entered into by the Company were in ordinary course of business and were on arm's length basis, Form AOC-2 is not applicable to the Company.

### REMUNERATION POLICY

The Company has a policy in place for identification of Independence, qualifications and positive attributes of Directors. The Board approved the Remuneration Policy for the Directors and Key Managerial Personnel, which is formulated in line with the requirements of the Companies Act, 2013.

### INTERNAL CONTROL SYSTEMS

The Company has in place adequate internal control systems which commensurate with the size and operations of the company.

## BOARD'S REPORT

### RISK MANAGEMENT

The Members of the Audit & Risk Committee ensure the measurement and control of risk factors and advice on the same to the Management of the Company.

### SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS / COURTS / TRIBUNAL

There were no significant material orders passed by the Regulators / Courts / Tribunal which would impact the going concern status of the Company and its future operations.

### SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Act and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed M/s. Bhandari & Associates, Company Secretaries to undertake the Secretarial Audit of the Company for FY23. The Secretarial Audit Report forms part of this report.

There are no qualifications or observations or adverse remarks made by the Statutory Auditors and Secretarial Auditors in their respective reports.

### COST AUDIT

The Company is not required to undertake cost audit or appoint cost auditor. Hence, maintenance of cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 is not applicable to the Company.

### COMPLIANCE WITH SECRETARIAL STANDARDS

Pursuant to the Secretarial Standard-I issued by the Institute of Company Secretaries of India pertaining to Board of Directors, the Company confirms that all applicable Secretarial Standards have been duly complied with during the period under review.

### MATERIAL CHANGES/ COMMITMENTS

As per Section 134(3)(l) of the Companies Act, 2013, there have been no material changes and commitments affecting the financial position of the Company that has occurred between March 31, 2023 till the date of this report.

### ANNUAL RETURN

The Annual Return of the Company has been placed on the website of the Company [www.idfclimited.com](http://www.idfclimited.com) in compliance with the provisions of section 134(3)(a) read with section 92(3) and the Rules made thereunder.

### INSTANCES OF FRAUD, IF ANY REPORTED BY THE AUDITORS

There have been no instances of fraud reported by the Auditors under Section 143(12) of the Companies Act, 2013.

### PROCEEDINGS UNDER INSOLVENCY AND BANKRUPTCY

During the year under review, the Company has not made any application nor any proceeding pending against the Company under the Insolvency and Bankruptcy Code, 2016.

### DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that:

- a) in the preparation of the annual financial statements for the year ended March 31, 2023, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b) such accounting policies have been selected and applied consistently and 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, 2023 and of the profit of the Company for that period;
- c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the annual financial statements have been prepared on a going concern basis; and
- e) systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

### ACKNOWLEDGMENTS

We are grateful to RBI and other regulatory bodies for their co-operation and support. The Directors also express their gratitude for the unstinted support and guidance received from IDFC Limited and other group companies.

### FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

#### Vishwvir Saran Das

Chairman

Ahmedabad  
July 03, 2023

## ANNEXURE I

### AOC - 1

#### STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENTS OF SUBSIDIARIES / ASSOCIATES / JOINT VENTURES

[Pursuant to first proviso to sub-section 3 of Section 129 of the Act, read with Rule 5 of the Companies (Accounts) Rules 2014]

PART A SUBSIDIARIES														₹ IN CRORE	
Sr. No.	Name of Subsidiary Companies	Capital	Reserves	Total Assets	Total Liabilities	Investments	Turn-over	Profit before tax	Provision for tax	Other Comprehensive Income	Comprehensive Income	Total Comprehensive Income	Proposed Dividend (%)	% of Shareholding	
1	IDFC Asset Management Company Limited (till January 31, 2023) (Previous Year)	-	-	-	-	-	303.52	117.28	29.66	1.53	89.14	89.14	-	0.00%	
2	IDFC IEH Conservative Fund (till October 06, 2022) (Previous Year)	2.68	215.62	358.96	140.66	256.98	397.91	233.59	57.60	0.87	176.86	176.86	-	99.96%	
3	IDFC AMC Trustee Company Limited (till January 31, 2023) (Previous Year)	43.14	(0.57)	42.93	0.37	38.37	1.74	0.50	(0.01)	-	(0.28)	(0.28)	-	0.00%	
4	IDFC Investment Managers (Mauritius) Limited ^ (till January 31, 2023) (Previous Year)	0.05	0.42	0.55	0.08	-	0.60	0.18	0.05	β	0.01	0.13	-	100%	
		-	-	-	-	-	-	(0.47)	-	-	(0.47)	(0.47)	-	0.00%	
		4.31	(4.00)	0.36	0.05	-	-	(0.53)	-	-	(0.53)	(0.53)	-	99.96%	

^ Exchange rate as on January 31, 2023

Average Rate : 1 USD = ₹ 80.22

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

## ANNEXURE I

### AOC - I

#### STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENTS OF SUBSIDIARIES / ASSOCIATES / JOINT VENTURES

[Pursuant to first proviso to sub-section 3 of Section 129 of the Act, read with Rule 5 of the Companies (Accounts) Rules 2014]

Part B		ASSOCIATES AND JOINT VENTURES		₹ IN CRORE	
SR. NO.	NAME OF ASSOCIATES/JOINT VENTURES	IDFC FIRST BANK LIMITED	IDFC FIRST BHARAT LIMITED		
1	Latest audited Balance Sheet Date	March 31, 2023	March 31, 2023		
2	The date since when Associate/Joint Ventures was acquired	October 21, 2014	October 13, 2016		
3	Shares/Units of Associate/Joint Ventures held by the company on the year end				
	Numbers of shares/units	2,646,438,348	2,231,998		
	Amount of Investment in Associates/ Joint Venture	10,550.76	232.40		
	Extent of Holding %	39.99%	39.99%		
4	Description of how there is significant	Associate influence	Associate influence		
5	Reason why the associate/joint venture is not consolidated	NA	NA		
6	Net worth attributable to Shareholding as per latest audited Balance Sheet	10,822.21	50.59		
7	Profit / (Loss) for the year				
	i. Considered in Consolidation	993.67	18.92		
	ii. Not Considered in Consolidation	-	-		

**Note 1:** IDFC FIRST Bank Limited is considered as an associate under Ind AS 28. Further, IDFC FIRST Bharat Limited is a 100% subsidiary of IDFC FIRST Bank Limited.

**Note 2:** Names of associates or joint ventures which are yet to commence operations. NA

For and on behalf of the Board of Directors of  
**IDFC Financial Holding Company Limited**  
CIN: U65900TN2014PLC097942

**Ms. Sudha Krishnan**  
Director  
DIN: 02885630

**Vishwavir Saran Das**  
Director  
DIN: 03627147

**Bipin Gemani**  
Chief Financial Officer  
PAN: AACPG6412A

**Shivangi Mistry**  
Company Secretary  
ACS: 52174

Mumbai, April 25, 2023

**SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED MARCH 31, 2023**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To  
The Members,  
**IDFC FINANCIAL HOLDING COMPANY LIMITED**  
**CIN: U65900TN2014PLC097942**

We have conducted the Secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **IDFC FINANCIAL HOLDING COMPANY LIMITED** (hereinafter called “the Company”). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2023 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2023 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder#;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings#.
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (“SEBI Act”):-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018#;
  - d. The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021#;
  - e. The Securities and Exchange Board of India (Issue and Listing of Non- Convertible Securities) Regulations, 2021#;
  - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021#; and
  - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018#;

# The Regulations or Guidelines, as the case may be were not applicable for the period under review.

The list of Acts, Laws and Regulations specifically applicable to the Company are given below:

- vi. Reserve Bank of India Guidelines for Licensing of New Banks in the Private Sector, 2013.
- vii. Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015.

We have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards issued by The Institute of Company Secretaries of India.
- ii. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, if applicable#.

## ANNEXURE II

### SECRETARIAL AUDIT REPORT (Contd.)

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above to the extent applicable.

#### **We further report that -**

The Board of Directors of the Company is duly constituted with Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice was given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance for meetings other than those held at shorter notice, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

During the period under review, decisions of the Board of Directors of the Company were carried through unanimously and no dissenting views were observed, while reviewing the minutes.

**We further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** during the audit period, the Company has undertaken following events/actions in order to simplify corporate structure of the Company:

- i. The Board of Directors of IDFC Limited and the Board of Directors of IDFC Financial Holding Company Limited (“IDFC FHCL”) at their respective meetings held on April 06, 2022, had inter alia considered binding bids received in connection with divestment of IDFC Asset Management Company Limited (“IDFC AMC”) along with IDFC AMC Trustee company Limited (“IDFC AMC Trustee”) and had approved sale of the entire shareholding of IDFC AMC and IDFC AMC Trustee held by IDFC FHCL to a consortium comprising of Bandhan Financial Holding Limited, Lathe Investment Pte. Ltd. (affiliate of GIC), Tangerine Investments Limited and Infinity Partners (affiliates of ChrysCapital). The aforesaid transaction was completed on January 31, 2023. On sale of IDFC AMC and IDFC AMC Trustee, IDFC FHCL (wholly owned subsidiary of IDFC Limited) received sale consideration of INR 4,490.50 crore.

For **Bhandari & Associates**

**Company Secretaries**

**Firm Registration No: P1981MH043700**

**Manisha Maheshwari**

Partner

ACS No: 30224; C P No.: 11031

UDIN: A030224E000186677

Mumbai | April 25, 2023

This report is to be read with our letter of even date which is annexed as Annexure ‘A’ and forms an integral part of this report.

To  
The Members,  
**IDFC FINANCIAL HOLDING COMPANY LIMITED**  
**CIN: U65900TN2014PLC097942**

Our Secretarial Audit Report for the Financial Year ended on March 31, 2023 of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of Financial Records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **Bhandari & Associates**  
**Company Secretaries**  
**Firm Registration No: P1981MH043700**

**Manisha Maheshwari**  
Partner  
ACS No: 30224; C P No.: 11031  
UDIN: A030224E000186677  
Mumbai | April 25, 2023

# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF IDFC FINANCIAL HOLDING COMPANY LIMITED

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying financial statements of IDFC Financial Holding Company Limited (the "Company"), which comprise the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date and a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023 and its profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing ("SAs") specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

#### Emphasis of matter

We draw your attention to Note no. 19(i) of the Financial Statement regarding the merger of the Company with IDFC Limited eventually with IDFC First Bank Limited which is subject to regulatory approval. Our opinion is not modified in respect of this matter.

#### Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's Report but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

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

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



## INDEPENDENT AUDITOR'S REPORT

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in "**Annexure A**", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by Section 143(3) of the Act, based on our audit we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (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 Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.
  - (e) On the basis of the written representations received from the directors as on March 31, 2023, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023, from being appointed as a director in terms of Section 164(2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- (B) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197 (16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (C) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

## INDEPENDENT AUDITOR'S REPORT

- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note No.22 to the financial statements.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. (a) The Management has represented that, to the best of its knowledge and belief, as disclosed in the Note No.28 (ix) to the financial statements, during the year, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;  
  
(b) The Management has represented, that, to the best of its knowledge and belief, as disclosed in the Note No.28(x) to the financial statements, during the year, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;  
  
(c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v. The dividend declared or paid during the year by the Company is in compliance with Section 123 of the Act.

**For V. C. Shah & Co.**  
Chartered Accountants  
ICAI Firm Registration No.109818W

**Viral J. Shah**  
Partner  
Membership No.: 110120  
UDIN: 23110120BGXNHU5639

Place: Mumbai  
Date: April 25, 2023

## ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

**(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the Members of IDFC FINANCIAL HOLDING COMPANY LIMITED on the Ind AS financial statements for the year ended March 31, 2023)**

Based on the audit procedures performed for the purpose of reporting a true and fair view on the Ind AS financial statements of the Company and to the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we report that:

- i.
  - (a) The Company does not hold any Property, Plant and Equipment and intangible assets during the year ended March 31, 2023. Therefore, the provisions of Clause 3(i)(a), Clause 3(i)(b) and Clause 3(i)(d) of the Order are not applicable to the Company.
  - (b) According to the information and explanations given to us, there are no immovable properties, and accordingly, the requirements of reporting under paragraph 3(i)(c) of the Order are not applicable to the Company.
  - (c) According to the information and explanations given to us and as represented by the management of the Company, no proceedings have been initiated during the year or are pending against the Company as at March 31, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder. Hence, reporting under clause 3(i)(e) is not applicable.
- ii.
  - (a) The Company is in the business of rendering financial services and consequently, does not hold any inventory. Accordingly, reporting under paragraph 3(ii)(a) of the Order is not applicable to the Company.
  - (b) The Company has not been sanctioned working capital limits in excess of ₹ 5 crores in aggregate during the year, from banks or financial institutions, on the basis of security of current assets of the Company. Accordingly, reporting under paragraph 3(ii)(b) of the Order is not applicable to the Company.
- iii. The Company has made investments in companies and granted unsecured loans to other parties, during the year, in respect of which
  - a) During the year, the company has granted unsecured Loan to its holding co as follows:

	Rs. in Crores
Particulars	Deposits
Aggregate amount granted during the year	75.80
Balance outstanding as at March 31, 2023 in respect of above	-

During the year, the company has not provided security to companies, firms, limited liability partnership or any other parties.

- b) In our opinion, the investments made, loans granted during the year are, prima facie, not prejudicial to the Company's interest. The company has not provided any guarantees to any parties.
    - c) According to the information and explanations given to us and based on the audit procedures performed by us, for the nature of loan given to parties, the schedule of repayment of principal and payment of interest is stipulated, and the same is regularly received.
    - d) There are no amounts of loans granted to companies, firms, limited liability partnerships or any other parties which are overdue for more than ninety days.
    - e) There are no loans or advances in the nature of loan granted to companies which are fallen due during the year, that have been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties.
    - f) The Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.
- vi. In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees and securities granted in respect of which provisions of section 185 and 186 of the Companies Act, 2013, are applicable. Accordingly, reporting under paragraph 3(iv) of the Order is not applicable to the Company.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits. Accordingly, reporting under paragraph 3(v) of the Order is not applicable to the Company.
- vi. The maintenance of cost records has not been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 for the business activities carried out by the Company. Hence, reporting under paragraph 3(vi) of the Order is not applicable to the Company.

## ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

vii. In respect of statutory dues:

- (a) According to the information and explanations given to us and on the basis of the records of the Company examined by us, in our opinion, the Company is regular in depositing undisputed statutory dues, including goods and services tax, provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues applicable to it with the appropriate authorities.

According to the information and explanations given to us, there were no undisputed amounts payable in respect of goods and services tax, provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues in arrears as at March 31, 2023, outstanding for a period of more than six months from the date they became payable.

- (b) Details of statutory dues referred to in sub-clause (a) above which have not been deposited as on March 31, 2023 on account of disputes are given below:

NAME OF THE STATUTE	NATURE OF THE DUES	AMOUNT ₹	PERIOD TO WHICH THE AMOUNT RELATES	FORUM WHERE DISPUTE IS PENDING	REMARKS
Income Tax Act, 1961	Income Tax	12,750,620	AY 2019-20	Commissioner of Income Tax	Disputed Tax

viii. According to the information and explanations given to us and on the basis of our audit procedures, there were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).

- ix. (a) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or other borrowings or in payment of any interest thereon to any lender. Accordingly, reporting under paragraph 3(ix)(a) of the Order is not applicable to the Company.

(b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not obtained any term loans.

(d) According to the information and explanations given to us, and the audit procedures performed by us, and on an overall examination of the financial statements of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) On an overall examination of the financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.

(f) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.

- x. (a) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year under report. Accordingly, the provisions stated in paragraph 3(x)(a) of the Order is not applicable to the Company.

(b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally). Accordingly, reporting under paragraph 3(x)(b) of the Order is not applicable to the Company.

- xi. (a) During the course of our audit, examination of the books of account and records of the Company, carried out in accordance with generally accepted auditing practices in India and according to the information and explanations given to us, no instance of material fraud by the Company or on the Company has been noticed or reported during the year, nor have we been informed of any such case by the management of the company.

(b) No report under sub-section (12) of section 143 of the Companies Act was required to be filed in Form ADT- 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.

(c) As represented by the management, there were no whistle blower complaints received by the Company during the year.

- xii. The Company is not a Nidhi Company, hence, reporting under paragraph 3(xii) of the Order is not applicable to the Company.

- xiii. According to the information and explanations provided to us and based on our examination of the records of the Company, in our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 with respect to applicable transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

## **ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT**

- xiv. (a) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.
- xv. According to the information and explanations given to us, in our opinion, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors. Hence, the provisions of section 192 of the Companies Act, 2013, are not applicable to the Company.
- xvi. (a) The Company is required to and has been registered under Section 45-IA of the Reserve Bank of India Act, 1934 as a Non-Operative Financial Holding Company (NOFHC). It has obtained the certificate of registration vide CoR No. N-07.00805 dated June 18, 2015.
- (b) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, reporting under paragraph 3(xvi)(c) of the Order is not applicable to the Company.
- (c) According to the information and explanations provided to us, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under paragraph 3(xvi) (d) of the Order is not applicable.
- xvii. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year. Hence, reporting under paragraph 3(xvii) of the Order is not applicable to the Company.
- xviii. There has been no resignation of the statutory auditors of the Company during the year. Hence, reporting under clause 3 (xviii) is not applicable.
- xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx. According to the information and explanations provided to us and in our opinion, there are no amounts required to be spent by the Company on CSR activities. Accordingly, reporting under paragraphs 3(xx)(a) and 3(xx)(b) of the Order is not applicable to the Company for the year under report.

**For V. C. Shah & Co.**  
Chartered Accountants  
ICAI Firm Registration No.109818W

**Viral J. Shah**  
Partner  
Membership No.: 110120  
UDIN: 23110120BGXNHU5639

Place: Mumbai  
Date: April 25, 2023

## ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT

**(Referred to in paragraph 2(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date to the Members of IDFC FINANCIAL HOLDING COMPANY LIMITED on the Ind AS financial statements for the year ended March 31, 2023)**

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

We have audited the internal financial controls over financial reporting of **IDFC FINANCIAL HOLDING COMPANY LIMITED** (the “Company”) as of March 31, 2023 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

### **Management’s Responsibility for Internal Financial Controls**

The Management of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the “ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### **Auditor’s Responsibility**

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

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

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls over Financial Reporting**

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

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2023, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

### **For V. C. Shah & Co.**

Chartered Accountants  
ICAI Firm Registration No.109818W

### **Viral J. Shah**

Partner  
Membership No.: 110120  
UDIN: 23110120BGXNHU5639

Place: Mumbai  
Date: April 25, 2023

# BALANCE SHEET

AS AT MARCH 31, 2023

	Note	As at March 31, 2023	As at March 31, 2022
(₹ in Lakhs)			
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash and cash equivalents	2	4,708	21,406
Bank balances other than cash and cash equivalents above	2a	21,850	-
Investments	3	1,055,076	835,446
Other financial assets	4	105	19
<b>Non-financial assets</b>			
Income tax assets (Net)	5	505	618
Assets classified as held for sale	6	-	92,988
<b>Total assets</b>		<b>1,082,244</b>	<b>950,477</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>Financial liabilities</b>			
Payables	7		
Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		3,340	43
<b>Non-financial liabilities</b>			
Income tax liabilities (Net)	8	55	-
Other non-financial liabilities	9	306	9
Liabilities classified as held for sale	10	-	5,607
<b>EQUITY</b>			
Equity share capital	11A	902,924	902,924
Other equity	11B	175,619	41,894
<b>Total liabilities and equity</b>		<b>1,082,244</b>	<b>950,477</b>

The accompanying notes are integral part of these financial statements.  
This is the balance sheet referred to in our report of even date.

**For V. C. Shah & Co.**  
Chartered Accountants  
(Firm Registration No: 109818W)

**Viral J. Shah**  
Partner  
Membership Number : 110120

Mumbai, April 25, 2023

For and on behalf of the Board of Directors of  
**IDFC Financial Holding Company Limited**  
CIN: U65900TN2014PLC097942

**Ms. Sudha Krishnan**  
Director  
DIN: 02885630

**Bipin Gemani**  
Chief Financial Officer  
PAN: AACPG6412A

**Vishwavir Saran Das**  
Director  
DIN: 03627147

**Shivangi Mistry**  
Company Secretary  
ACS: 52174

# STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2023

	Note	Year ended March 31, 2023	Year ended March 31, 2022
(₹ in Lakhs)			
<b>Revenue from operations</b>			
Dividend Income [see note 21]		17,306	34,024
<b>Total revenue from operations</b>		<b>17,306</b>	<b>34,024</b>
<b>Other income</b>			
Interest income	12	2,410	30
Gain on sale of investment in subsidiary	13	347,915	-
<b>Total other income</b>		<b>350,325</b>	<b>30</b>
<b>Total income</b>		<b>367,631</b>	<b>34,054</b>
<b>Expenses</b>			
Finance costs	14	36	463
Employee Benefit Expenses	15	68	92
Other expenses	16	4,088	117
<b>Total expenses</b>		<b>4,192</b>	<b>672</b>
<b>Profit before tax</b>		<b>363,439</b>	<b>33,382</b>
<b>Income tax expense:</b>			
- Current tax	17	36,707	4,240
- Tax adjustment of earlier years		7	1
<b>Total tax expense</b>		<b>36,714</b>	<b>4,241</b>
<b>Profit for the year</b>		<b>326,725</b>	<b>29,141</b>
<b>Other comprehensive income for the year</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>326,725</b>	<b>29,141</b>
<b>Earnings per equity share of ₹ 10 each</b>			
- Basic (₹)	18	3.62	0.32
- Diluted (₹)		3.62	0.32

The accompanying notes are integral part of these financial statements.

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

**For V. C. Shah & Co.**  
Chartered Accountants  
(Firm Registration No: 109818W)

**Viral J. Shah**  
Partner  
Membership Number : 110120

Mumbai, April 25, 2023

For and on behalf of the Board of Directors of  
**IDFC Financial Holding Company Limited**  
CIN: U65900TN2014PLC097942

**Ms. Sudha Krishnan**  
Director  
DIN: 02885630

**Bipin Gemani**  
Chief Financial Officer  
PAN: AACPG6412A

**Vishwavir Saran Das**  
Director  
DIN: 03627147

**Shivangi Mistry**  
Company Secretary  
ACS: 52174



# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2023

A. Equity share capital		(₹ in Lakhs)	
	Note	Number	Amount
<b>As at April 01, 2021</b>	11A	9,029,240,000	902,924
Issued during the year		-	-
<b>As at March 31, 2022</b>	11A	9,029,240,000	902,924
Issued during the year		-	-
<b>As at March 31, 2023</b>	11A	9,029,240,000	9,02,924

B. Other equity		Reserves and surplus		Total other equity
	Note	Special Reserve u/s. 45-IC of RBI Act, 1934	Retained earnings	
<b>As at April 01, 2021</b>	11B	16,509	(3,756)	12,753
Profit for the year		-	29,141	29,141
Other comprehensive income		-	-	-
<b>Total comprehensive income</b>		-	29,141	29,141
- Transfer to special reserve u/s. 45-IC of RBI Act, 1934		7,285	(7,285)	-
<b>As at March 31, 2022</b>	11B	23,794	18,100	41,894
Profit for the year		-	326,725	326,725
Other comprehensive income		-	-	-
<b>Total comprehensive income</b>		-	326,725	326,725
Transactions with owners in their capacity as owners:				
- Dividends paid		-	(193,000)	(193,000)
- Transfer to special reserve u/s. 45-IC of RBI Act, 1934		81,681	(81,681)	-
<b>As at March 31, 2023</b>	11B	105,475	70,144	175,619

The accompanying notes are integral part of these financial statements.

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

**For V. C. Shah & Co.**  
Chartered Accountants  
(Firm Registration No: 109818W)

**Viral J. Shah**  
Partner  
Membership Number : 110120

Mumbai, April 25, 2023

For and on behalf of the Board of Directors of  
**IDFC Financial Holding Company Limited**  
CIN: U65900TN2014PLC097942

**Ms. Sudha Krishnan**  
Director  
DIN: 02885630

**Bipin Gemani**  
Chief Financial Officer  
PAN: AACPG6412A

**Vishwavir Saran Das**  
Director  
DIN: 03627147

**Shivangi Mistry**  
Company Secretary  
ACS: 52174

# STATEMENT OF CASH FLOW

FOR THE YEAR ENDED MARCH 31, 2023

	Note	Year ended March 31, 2023	(₹ in Lakhs) Year ended March 31, 2022
<b>CASH FLOW FROM OPERATING ACTIVITIES :</b>			
<b>Profit before tax</b>		363,439	33,382
Adjustments for :			
Dividend received from subsidiaries		(17,306)	(34,024)
Gain on sale of investment in subsidiaries	13	(347,915)	-
Interest income from term deposits	12	(2,360)	(30)
Interest income from inter corporate deposits	12	(50)	-
Interest received on term deposits with banks and inter corporate deposits		2,319	16
Finance cost	14	36	463
<b>Operating profit before working capital changes</b>		(1,837)	(193)
<b>Adjustments for increase / (decrease) in operating assets &amp; liabilities:</b>			
Trade payables	7	3,297	14
Other non financial liabilities	9	297	(11)
Other financial assets		5	-
Cash generated from operations		1,762	(190)
Less : Income taxes paid (net of refunds)		(36,546)	(4,745)
<b>Net cash outflow from operating activities</b>	(A)	(34,784)	(4,935)
<b>CASH FLOW FROM INVESTING ACTIVITIES :</b>			
Dividend received from subsidiaries		17,306	34,024
Purchase of investment in equity shares of associate	3	(219,630)	-
Purchase of investment in equity shares of subsidiary	6	(13,755)	-
Proceeds from sale of subsidiaries	6	449,051	-
Term deposits placed during the year	2a	(21,850)	-
<b>Net cash inflow / (outflow) from investing activities</b>	(B)	211,122	34,024
<b>CASH FLOW FROM FINANCING ACTIVITIES :</b>			
Dividend paid to shareholder		(193,000)	-
Inter corporate deposit taken		10,000	1,000
Inter corporate deposit repaid		(10,000)	(8,500)
Finance cost	14	(36)	(625)
<b>Net cash inflow / (outflow) from financing activities</b>	(C)	(193,036)	(8,125)
<b>NET (DECREASE) / INCREASE IN CASH AND BANK BALANCES (A+B+C)</b>		(16,698)	20,964
Add : Cash and cash equivalents at beginning of the year	2	21,406	442
<b>Cash and cash equivalents at end of the year</b>	2	4,708	21,406

The accompanying notes are integral part of these financial statements.  
This is the statement of cash flow referred to in our report of even date.

**For V. C. Shah & Co.**  
Chartered Accountants  
(Firm Registration No: 109818W)

For and on behalf of the Board of Directors of  
**IDFC Financial Holding Company Limited**  
CIN: U65900TN2014PLC097942

**Viral J. Shah**  
Partner  
Membership Number : 110120

**Ms. Sudha Krishnan**  
Director  
DIN: 02885630

**Vishwavir Saran Das**  
Director  
DIN: 03627147

**Bipin Gemani**  
Chief Financial Officer  
PAN: AACPG6412A

**Shivangi Mistry**  
Company Secretary  
ACS: 52174

Mumbai, April 25, 2023

# NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023

## 1A. BACKGROUND

IDFC Financial Holding Company Limited - a non-operative financial holding company (NOFHC) ('the Company') is a public company, incorporated in India. The Company is a wholly owned subsidiary of IDFC Limited. The Company has received certificate of registration for NBFC NOFHC from Reserve Bank of India (RBI), on June 18, 2015. As per the Guidelines for Licensing of New Banks in the Private sector issued by RBI, the company, holds investment in IDFC FIRST Bank Limited as well as all other financial services entities of the group regulated by RBI or other financial sector regulators.

These financial statements were authorised for issue by the Board of Directors on April 25, 2023.

## 1B. SIGNIFICANT ACCOUNTING POLICIES

### BASIS OF PREPARATION

#### i) Compliance with Ind AS

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

#### ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for following financial asset which are measured at fair value:

- Certain financial assets and liabilities (including contingent consideration receivable) - measured at fair value;
- Assets held for sale - measured at lower of carrying value or fair value less cost to sell;
- Share-based payments - measured at fair value.

#### iii) New and amended standards adopted

The Company has applied the following amendments to Ind AS for the first time for their annual reporting period

- Indian Accounting Standard (Ind AS) 101
- Indian Accounting Standard (Ind AS) 103
- Indian Accounting Standard (Ind AS) 109
- Indian Accounting Standard (Ind AS) 16
- Indian Accounting Standard (Ind AS) 37
- Indian Accounting Standard (Ind AS) 41

#### iv) Standards issued but not yet effective upto the date of issuance of the financial statements :

Ministry of Corporate affairs have made changes on March 31, 2023, in the following Indian Accounting Standards (Ind AS) amended namely:

- Indian Accounting Standard (Ind AS) 101
- Indian Accounting Standard (Ind AS) 102
- Indian Accounting Standard (Ind AS) 103
- Indian Accounting Standard (Ind AS) 107
- Indian Accounting Standard (Ind AS) 109
- Indian Accounting Standard (Ind AS) 115
- Indian Accounting Standard (Ind AS) 1
- Indian Accounting Standard (Ind AS) 8
- Indian Accounting Standard (Ind AS) 12
- Indian Accounting Standard (Ind AS) 34

These amendments shall be applicable from annual reporting periods beginning on or after April 01, 2023.

#### v) Order of liquidity

The Company is covered in the definition of Non-Banking Financial Company as defined in Companies (Indian Accounting Standards) (Amendment) Rules, 2016. Pursuant to Schedule III-Division III of the Companies Act, 2013, the Company presents its balance sheet in the order of liquidity. This is since the Company does not supply goods or services within a clearly identifiable operating cycle, therefore making such presentation more relevant. A maturity analysis of recovery or settlement of assets and liabilities within 12 months after the reporting date and more than 12 months after the reporting date is presented in Note 27(ii).

vi) Consolidation

The following set of financial statements represents the standalone financial statements of the Company. The exemption under para 4 (a) (iv) of Ind AS 110 has been applied and consolidated financial statements have not been prepared. The Company is included in the consolidated financial statements of IDFC Limited (holding company) for the year ended March 31, 2023.

**a) Investment in subsidiary and Associates**

Investment in subsidiaries and associates are measured at cost less accumulated impairment. See note (h) below for the accounting policy for Impairment of financial assets.

**b) Revenue recognition**

Ind AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue and two approaches to recognizing revenue: at a point in time or over time and supersedes current revenue recognition guidance found within Ind AS. Revenue is measured at fair value of the consideration received or receivable.

- i) Dividend income is recognised when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably. This is generally when the shareholders approve the dividend.
- ii) Interest income on bank deposits are accounted on accrual basis using effective interest rate method and recognised in the statement of profit and loss as a part of other income.

**c) Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, cash in bank, demand deposits with banks and other deposits with bank with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**d) Financial assets**

**i) Classification**

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

- those to be measured subsequently at fair value through statement of profit and loss (FVTPL); and
- those measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will be recorded in statement of profit and loss.

Debt instruments

For financial assets other than equity, the classification will depend on contractual terms of the cash flows and on the business model in which the financial asset is held.

Equity instruments

The Company measures all equity investments at fair value through profit or loss, except where the Company has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income.

Currently, the Company does not hold any investments in equity instruments other than investment in subsidiaries and associates.

**ii) Recognition**

Regular way purchase and sale of financial assets are recognised on trade date, the date on which the Company commits to purchase or sell the financial asset.

**iii) Initial recognition**

At initial recognition, in the case of a financial asset not at fair value through profit and loss, the Company measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in statement of profit or loss.

**iv) Subsequent measurement**

Debt instruments

**Measured at amortised cost:** Financial assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows that are solely payments of principal and interest, are subsequently measured at amortised cost using the effective interest rate ('EIR') method less impairment, if any. The amortisation of EIR and loss arising from impairment, if any is recognised in the statement of profit and loss.

**Measured at fair value through statement of profit and loss:** A financial asset not classified as amortised cost, is

classified as FVTPL. Such financial assets are measured at fair value with all changes in fair value, including interest and dividend income, recognised as in the statement of profit and loss.

Equity instruments

The Company subsequently measures all equity investments at fair value. Changes in the fair value of financial assets measured at fair value through statement of profit and loss or through statement of other comprehensive income depending upon the irrevocable election made at the time of initial recognition.

**v) Impairment of financial assets**

The Company is required to assess on a forward looking basis the expected credit losses associated with its assets carried at amortised cost.

**vi) Derecognition**

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the contractual rights to receive the cash flows from the asset.

**e) Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gains/(losses).

**f) Financial liabilities:**

**i) Initial recognition and measurement**

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at its fair value plus or minus transaction costs that are directly attributable to the issue of the financial liability.

The Company has no financial liabilities that are measured at fair value through statement of profit and loss.

**ii) Subsequent measurement**

Financial liabilities are subsequently measured at amortised cost using the EIR method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the gross carrying amount of a financial liability. The calculation includes transaction costs or premiums paid that are integral to the effective interest rate.

**iii) Derecognition**

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

**g) Non-current assets held for sale**

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

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

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

**h) Impairment of assets**

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount

exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Nonfinancial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

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

**i) Income tax**

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in India. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

**j) Trade and other payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

**k) Offsetting financial instruments**

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

**l) Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses. Provisions are measured at best estimate of the future expenditure required to settle the present obligation at the balance sheet date.

**m) Borrowing costs**

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

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

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

**n) Employee Stock Option (ESOP)**

IDFC Asset Management Company Limited ("IDFC AMC"), a subsidiary of the Company, introduced IDFC AMC Employee Stock Option Scheme, 2020 ("ESOS 2020") to enable the employees of IDFC AMC to participate in the future growth and financial success of the IDFC AMC. IDFC Financial Holding Limited (an immediate parent of IDFC AMC) has right to buy back the shares from the employees as per the terms of the scheme. On applying the guidance under Ind AS 102 the said scheme is classified as "cash settled" in the standalone financial statements of the Company.

However, the employees of IDFC AMC are not providing services to the Company; so there is no share-based payment remuneration expense recorded in the IDFC FHCL's separate financial statements. Instead, the share-based payment transaction results in a debit to 'investment in subsidiary'; and a corresponding liability is recorded at fair value at each reporting date using the principles of Cash settled share based payments under Ind AS 102.

**o) Contingencies**

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

**p) Earnings per share**

**i) Basic earnings per share is calculated by dividing:**

- the profit attributable to equity shareholders of the Company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year.

**ii) Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:**

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

**q) Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. See note 21 for segment information presented.

**r) Rounding of amounts**

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

**s) Contributed equity**

Equity shares are classified as equity.

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

**t) Dividends**

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

**u) Use of estimates**

The estimates and judgments used in the preparation of the financial statements are continuously evaluated by the Company and are based on historical experience and various other assumptions and factors (including expectations of future events) that the Company believes to be reasonable under the existing circumstances. Differences between actual results and estimates are recognised in the period in which the results are known/materialised. The said estimates are based on the facts and events, that existed as at the reporting date, or that occurred after that date but provide additional evidence about conditions existing as at the reporting date.

The areas involving critical estimates or judgements are:

- estimation of current tax expense and current tax payable (see note 17)

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023

2	CASH AND CASH EQUIVALENTS	(₹ in Lakhs)	
		As at March 31, 2023	As at March 31, 2022
	Balances with banks:		
	In current accounts	53	36
	In deposit accounts	4,655	21,370
	<b>Total</b>	<b>4,708</b>	<b>21,406</b>
2a.	BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS ABOVE	(₹ in Lakhs)	
		As at March 31, 2023	As at March 31, 2022
	Balances with banks:		
	In deposit accounts	21,850	-
	<b>Total</b>	<b>21,850</b>	<b>-</b>
3	INVESTMENTS*	(₹ in Lakhs)	
		As at March 31, 2023	As at March 31, 2022
	<b>Investments measured at cost</b>		
	Associates	1,055,076	835,446
	<b>Total (A) - Gross</b>	<b>1,055,076</b>	<b>835,446</b>
	(Less): Impairment loss allowance	-	-
	<b>Total (A) - Net</b>	<b>1,055,076</b>	<b>835,446</b>
	Investments outside India	-	-
	Investments in India	1,055,076	835,446
	<b>Total (B) - Gross</b>	<b>1,055,076</b>	<b>835,446</b>
	(Less): Impairment loss allowance	-	-
	<b>Total (B) - Net</b>	<b>1,055,076</b>	<b>835,446</b>
	* See Note 19 for detailed breakup.		
4	OTHER FINANCIAL ASSETS	(₹ in Lakhs)	
		As at March 31, 2023	As at March 31, 2022
	Interest accrued on deposits	105	14
	Other receivables	-	5
	<b>Total</b>	<b>105</b>	<b>19</b>
5	INCOME TAX ASSETS (NET)	(₹ in Lakhs)	
		As at March 31, 2023	As at March 31, 2022
	Advance payment of income tax	505	618
	[Net of provision for tax of ₹ 11,580 lakhs (March 31, 2022: ₹ 11,580 lakhs)]		
	<b>Total</b>	<b>505</b>	<b>618</b>



## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023

### 6 ASSET CLASSIFIED HELD FOR SALE

(₹ in Lakhs)

	Quantity	As at March 31, 2023	Quantity	As at March 31, 2022
<b>Investment in subsidiaries:</b>				
<b>Unquoted Equity Shares (Fully paid)</b>				
IDFC Asset Management Company Limited [see note (i) and note 25]	-	-	26,790,450	92,980
IDFC AMC Trustee Company Limited	-	-	50,000	8
<b>Total</b>		-		92,988

#### (i) Investment in subsidiaries

- a) The Board of Directors of IDFC Limited ('Holding Company') and IDFC FHCL ('the Company') at their respective meetings held on April 06, 2022, have inter alia considered binding bids received in connection with divestment of IDFC Asset Management Company Limited ('IDFC AMC') along with IDFC AMC Trustee Company Limited ('IDFC AMC Trustee') and have approved sale of the entire shareholding of IDFC AMC and IDFC AMC Trustee held by the Company to a consortium comprising of Bandhan Financial Holding Limited, Lathe Investment Pte. Ltd. (affiliate of GIC), Tangerine Investments Limited, Infinity Partners (affiliates of ChrysCapital) ('Proposed Transaction'). The consideration for the Proposed Transaction is ₹ 450,000 lakhs on a fully diluted basis and subject to customary price adjustments at the closure. This consideration is in addition to receipt of ₹ 24,915 lakhs as dividend from IDFC AMC in March 2022.

It was highly probable that the said sale transaction would be completed in the next 12 months. Accordingly the investment in IDFC AMC and IDFC AMC trustee was classified as assets held for sale as on March 31, 2022.

All the requisite regulatory and other approvals, as applicable have been received and the Proposed Transaction is completed on January 31, 2023. IDFC FHCL sold 27,636,940 shares (including 846,490 shares purchased from employees on exercise of ESOPs at a price of ₹ 1,625 per share) in IDFC AMC and 50,000 shares in IDFC AMC Trustee to the consortium for consideration of ₹ 449,000 lakhs and ₹ 50 lakhs respectively. With the conclusion of the transaction, post January 31, 2023, IDFC AMC, IDFC AMC Trustee and IDFC Investment Managers (Mauritius) Limited are no more subsidiaries of the Company.

- b) The Board of Directors of the Company vide its approval dated January 05, 2023 approved purchase of 861,560 equity shares of IDFC AMC offered by IDFC AMC employees at a price of ₹ 1,625 per share. The Company then purchased total 846,490 shares from employees at ₹ 1,625 per share amounting to ₹ 13,755 lakhs. Total no.of shares in IDFC AMC stood at 27,636,940 shares on the date of sale.

### 7 PAYABLES

(₹ in Lakhs)

	As at March 31, 2023	As at March 31, 2022
<b>Trade payables:</b>		
- Trade payable - micro enterprises and small enterprises	-	-
- Trade payable - other than micro enterprises and small enterprises*	3,340	43
<b>Total</b>	3,340	43

\* Represents undisputed unbilled dues.

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

	As at March 31, 2023	As at March 31, 2022
Outstanding principal amount and interest due to suppliers registered under MSMED Act and remaining unpaid at the year end:		
- Principal amount	-	-
- Interest due thereon	-	-
Interest paid other than under section 16 of MSMED Act, to suppliers registered under MSMED Act, beyond the appointed day during the period.	-	-
Interest paid under section 16 of MSMED Act, to suppliers registered under MSMED Act, beyond the appointed day during the period.	-	-

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023

Amount of interest due and payable (where the principal has already been paid but interest has not been paid).	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
The amount of further interest remaining due and payable even in succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of MSMED Act.	-	-

### 8 INCOME TAX LIABILITIES (NET) (₹ in Lakhs)

	As at March 31, 2023	As at March 31, 2022
Provision for income tax	55	-
[Net of advance tax of ₹ 36,652 lakhs (March 31, 2022: ₹ Nil)]		
<b>Total</b>	<b>55</b>	<b>-</b>

### 9 OTHER NON-FINANCIAL LIABILITIES (₹ in Lakhs)

	As at March 31, 2023	As at March 31, 2022
Statutory dues payables	306	9
<b>Total</b>	<b>306</b>	<b>9</b>

### 10 LIABILITIES CLASSIFIED AS HELD FOR SALE (₹ in Lakhs)

	As at March 31, 2023	As at March 31, 2022
Share based payment liability (see note 6 and note 25)	-	5,607
<b>Total</b>	<b>-</b>	<b>5,607</b>

### 11A. EQUITY SHARE CAPITAL (₹ in Lakhs)

	As at March 31, 2023		As at March 31, 2022	
	Number	₹ in Lakhs	Number	₹ in Lakhs
<b>Authorised shares</b>				
Equity shares of ₹ 10 each	10,000,000,000	1,000,000	10,000,000,000	1,000,000
<b>Issued, subscribed &amp; fully paid-up shares</b>				
Equity shares of ₹ 10 each	9,029,240,000	902,924	9,029,240,000	902,924
<b>Total</b>	<b>9,029,240,000</b>	<b>902,924</b>	<b>9,029,240,000</b>	<b>902,924</b>

#### a) Movements in equity share capital

	As at March 31, 2023		As at March 31, 2022	
	Number	₹ in Lakhs	Number	₹ in Lakhs
Outstanding at the beginning of the year	9,029,240,000	902,924	9,029,240,000	902,924
Shares issued during the year	-	-	-	-
<b>Outstanding at the end of the year</b>	<b>9,029,240,000</b>	<b>902,924</b>	<b>9,029,240,000</b>	<b>902,924</b>

#### b) Terms and rights attached to equity shares

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

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amounts exists currently. The distribution will be in proportion to the number of equity shares held by the shareholders. The dividend proposed by the board of directors is subject to the approval of shareholders at the ensuing annual general meeting, except in case of interim dividend.

#### c) Details of shares held by holding company and shareholders holding more than 5% of the shares in the Company

Equity shareholders	As at March 31, 2023		As at March 31, 2022	
	Number	% holding	Number	% holding
IDFC Limited and its nominees	9,029,240,000	100%	9,029,240,000	100%

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023

### d) Details of promoter holding

Equity shareholders	Shares held by promoters at the end of the year			
	As at March 31, 2023		As at March 31, 2022	
	Number	% holding	Number	% holding
<b>Name of the promoter</b>				
IDFC Limited and its nominees	9,029,240,000	100%	9,029,240,000	100%

There has been no change in the promoter holding during the current year and previous year.

### 11B. OTHER EQUITY

(₹ in Lakhs)

	As at March 31, 2023	As at March 31, 2022
Retained earnings	70,144	18,100
Special Reserve u/s. 45-IC of RBI Act,1934	105,475	23,794
<b>Total</b>	<b>175,619</b>	<b>41,894</b>

#### a) Retained earnings

	As at March 31, 2023	As at March 31, 2022
Opening balance	18,100	(3,756)
Net profit for the period	326,725	29,141
Less : Interim dividend paid	(193,000)	-
Less: Transfer to special reserve u/s 45IC	(81,681)	(7,285)
<b>Closing balance</b>	<b>70,144</b>	<b>18,100</b>

#### b) Special Reserve u/s. 45-IC of RBI Act,1934

	As at March 31, 2023	As at March 31, 2022
Opening balance	23,794	16,509
Add: Transferred from surplus in Statement of Profit and Loss	81,681	7,285
<b>Closing balance</b>	<b>105,475</b>	<b>23,794</b>

### 11C. NATURE AND PURPOSE OF RESERVE

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

As per section 45-IC of RBI Act, 1934, every non-banking financial company (NBFC) shall create a reserve fund and transfer therein a sum not less than twenty five per cent (25%) of its net profit every year as disclosed in the profit and loss account and before any dividend is declared. No appropriation of any sum from the reserve fund shall be made by the non-banking financial company except for the purpose as may be specified by RBI.

### 12 INTEREST INCOME

(₹ in Lakhs)

	Year ended March 31, 2023	Year ended March 31, 2022
<b>On financial assets measured at amortised costs:</b>		
Interest on deposits with banks [see note 26]	2,360	30
Interest on inter corporate deposits [see note 26]	50	-
<b>Total</b>	<b>2,410</b>	<b>30</b>

### 13 GAIN ON SALE OF INVESTMENT IN SUBSIDIARIES

(₹ in Lakhs)

	Year ended March 31, 2023	Year ended March 31, 2022
Gain on sale of investment in subsidiaries [see note 6(i)]	347,915	-
<b>Total (A)</b>	<b>347,915</b>	<b>-</b>
Realised	347,915	-
Unrealised	-	-
<b>Total (B)</b>	<b>347,915</b>	<b>-</b>

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023

14 FINANCE COSTS	(₹ in Lakhs)	
	Year ended March 31, 2023	Year ended March 31, 2022
Interest expense on Inter corporate deposits [see note 26]	36	463
<b>Total</b>	<b>36</b>	<b>463</b>

15 EMPLOYEE BENEFITS EXPENSES	(₹ in Lakhs)	
	Year ended March 31, 2023	Year ended March 31, 2022
Salaries, wages and bonus	68	92
<b>Total</b>	<b>68</b>	<b>92</b>

16 OTHER EXPENSES	(₹ in Lakhs)	
	Year ended March 31, 2023	Year ended March 31, 2022
Rates and taxes	619	14
Insurance Charges	3	-
Professional fees	3,398	34
Directors' sitting fees	13	31
Commission to directors	43	25
Demat charges	β	β
Auditors' remuneration [see note (a) below]	6	6
Shared Service Cost	4	4
Miscellaneous expenses	2	3
<b>Total</b>	<b>4,088</b>	<b>117</b>

a) Breakup of Auditors' remuneration	(₹ in Lakhs)	
	Year ended March 31, 2023	Year ended March 31, 2022
Audit fees	2	2
Tax audit fees	1	1
Other services	3	2
Certification charges	β	1
Out-of-pocket expenses	β	β
<b>Total</b>	<b>6</b>	<b>6</b>

17 INCOME TAX	(₹ in Lakhs)	
	Year ended March 31, 2023	Year ended March 31, 2022
<b>a) The components of income tax expense for the years ended March 31, 2023 and March 31, 2022 are:</b>		
<b>Current Tax</b>		
Current tax on profit for the year	36,707	4,240
Adjustment in respect of current tax of prior years	7	1
<b>Total current tax expense</b>	<b>36,714</b>	<b>4,241</b>

### b) Reconciliation of the total tax charge

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the years ended March 31, 2023 and March 31, 2022 is, as follows:

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023

	(₹ in Lakhs)	
	Year ended March 31, 2023	Year ended March 31, 2022
Accounting profit before tax	363,439	33,382
<b>Tax at India's statutory income tax rate of 25.17% (previous year 25.17%)</b>	91,478	8,402
Tax effect of the amount which are not taxable:		
- Expenses disallowed on account of section 57 of the Income Tax Act, 1961	-	117
- Tax adjustment of earlier years	7	1
- Impact of income taxed at different rate	(50,416)	-
- Income not taxed under 80M benefit [see note 17(d)]	(4,356)	(4,279)
- Others	1	-
<b>Income tax expense at effective tax rate</b>	36,714	4,241
<b>Effective tax rate</b>	10.10%	12.70%

c) Taxation Laws (Amendment) Ordinance 2019, had inserted section 115BAA in the Income Tax Act, 1961, providing existing domestic companies with an option to pay tax at a concessional rate of 22% plus applicable surcharge and cess. Once exercised, such an option cannot be withdrawn for the same or subsequent AYs. These financial results are prepared on the basis that the Company has availed the option to pay income tax at the lower rate. Consequently, the Company has recognized Provision for Income Tax for the years ended March 31, 2023 and March 31, 2022 basis the revised rate of 25.17%.

d) The Board of the Company had declared its first interim dividend of ₹ 0.188 /- per share on April 06, 2022 and the same amounting to ₹ 17,000 lakhs was paid on April 08, 2022 and had declared second interim dividend of ₹ 1.95 /- per share on January 31, 2023 amounting to Rs 176,000 lakhs which was paid on February 01, 2023.

Taxable income of the Company is reduced by ₹ 17,306 lakhs on account of deduction u/s 80 M of the Income Tax Act, 1961.

80M: "Where the gross total income of a domestic company in any previous year includes any income by way of dividends from any other domestic company, a deduction of the amount of dividend distributed as dividend one month prior to the due date of filing return."

### 18 EARNINGS PER SHARE (EPS)

	Year ended March 31, 2023	Year ended March 31, 2022
<b>(a) Basic and diluted earnings per share</b>		
Profit attributable to the equity holders of the Company (₹ in lakhs)	326,725	29,141
<b>(b) Weighted average number of shares used as the denominator</b>		
Weighted average number of equity shares used as the denominator in calculating basic and diluted earnings per share	9,029,240,000	9,029,240,000
Total basic earnings per share attributable to the equity holders of the Company (In ₹)	3.62	0.32

### 19 INVESTMENTS

	(₹ in Lakhs)					
	Face value (₹)	Quantity	As at March 31, 2023	Quantity	As at March 31, 2022	
<b>Investment in Associates</b>						
<b>Quoted Equity Shares</b>						
IDFC FIRST Bank Limited [see note (i) and (ii)]	10	2,646,438,348	1,055,076	2,268,937,489	835,446	
<b>Total</b>			1,055,076		835,446	

- i) As per RBI Guidelines for Licensing of New Banks in the Private Sector dated February 22, 2013 (“RBI Guidelines”), “The NOFHC shall initially hold a minimum of 40% of the paid-up voting equity capital of the bank which shall be locked in for a period of five years”. Thus, IDFC FHCL was required to hold equity holding in IDFC FIRST Bank upto 40% till October 1, 2020.

Reserve Bank of India (“RBI”) has, vide its letter No.DOR..HOL.No.SUO-75590/16.01.146/2021-22 dated July 20, 2021, clarified that after the expiry of lock-in period of 5 years, IDFC Limited, the Holding Company can exit as the promoter of IDFC FIRST Bank Limited.

Since the five years of lock- in period is completed, the Company had written letters to IDFC FIRST Bank Limited (“IDFC FIRST Bank”) with respect to Unlocking Value for shareholders of the Holding Company. The Board of Directors of IDFC FIRST Bank at their meeting held on December 30, 2021 has confirmed that they are “In-principle” in favour of Merger of ‘IDFC’ and ‘IDFC FHCL’ with ‘IDFC FIRST Bank’. The said corporate restructuring activity shall be subject to approval by the Board of Directors of entities involved, shareholders, creditors and other necessary statutory/regulatory approvals.

The Board of Directors of the Company and IDFC Limited (‘the Holding Company’) , at their respective meetings held on March 18, 2023, have appointed a) registered valuer for recommendation of fair share exchange ratio; b) merchant banker for issuance of fairness opinion on the share exchange ratio; c) law firm for conducting legal due diligence, drafting and finalizing scheme of amalgamation and filing regulatory applications.

The Board of Directors of the Company and the Holding Company, at their respective meetings held on February 06, 2023 had approved subscribing to 377,500,859 equity shares of face value of ₹ 10/- each fully paid-up of IDFC FIRST Bank Limited on a preferential basis at a price of ₹ 58.18/- per equity share , amounting to ₹ 219,630 lakhs. In this connection, on March 23, 2023 the Company subscribed and has been allotted 377,500,859 equity shares of face value of ₹ 10/- each fully paid- up. With this, the Company will hold 39.99% of the Bank’s paid up equity share capital.

As required under SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (“ICDR Guidelines”) the pre-preferential equity shares shall be under lock in for a period of 90 trading days and the fresh subscribed shares under the preferential allotment shall be locked in for a period of 18 months from the date of trading approval.

**20 CAPITAL MANAGEMENT**

The Company considers total equity as shown in the balance sheet including retained profit to be managed capital. The Company aim to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to shareholders. The Company’s policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development.

**21 SEGMENT INFORMATION**

The Company is domiciled in India. The Company is registered as a “non-operative financial holding company” with the RBI. Since the Company does not have any operating activities, there are no reportable segments as identified under Ind AS 108.

**a) Segment revenue**

The Company operates as a single segment. The segment revenue is measured in the same way as in the statement of profit and loss.

	(₹ in Lakhs)	
	Year ended March 31, 2023	Year ended March 31, 2022
Segment revenue		
- India	17,306	34,024
- Outside India	-	-
<b>Total</b>	<b>17,306</b>	<b>34,024</b>

\* There is only one party who contributed more than 10% of total operating revenue of the Company amounting to ₹ 17,306 lakhs. (Previous year: ₹ 34,024 lakhs)

**b) Segment assets and segment liabilities**

	(₹ in Lakhs)	
	As at March 31, 2023	As at March 31, 2022
Segment assets - India	1,082,244	950,477
Segment liabilities - India	3,701	5,659

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023

### 22 CONTINGENT LIABILITIES

(₹ in Lakhs)

	As at March 31, 2023	As at March 31, 2022
<b>Claims not acknowledged as debts in respect of:</b>		
Income-tax demands disputed by the Company (net of amounts provided)	128	128
(i) The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and postemployment received Indian Parliament approval and Presidential assent in September 2020. The Code has been published in the Gazette of India and subsequently on November 13, 2020 draft rules were published and invited for stakeholders' suggestions. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.		

### 23 FAIR VALUE MEASUREMENT

#### a) Financial instruments by category

The significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in notes to the financial statements.

	As at March 31, 2023	
	FVTPL	Amortised cost
<b>Financial Assets:</b>		
Cash and cash equivalents	-	4,708
Bank balances other than cash and cash equivalents above	-	21,850
Other financial assets	-	105
<b>Total financial assets</b>	<b>-</b>	<b>26,663</b>
<b>Financial Liabilities:</b>		
Trade and other payables	-	3,340
<b>Total Financial Liabilities</b>	<b>-</b>	<b>3,340</b>
<hr/>		
	As at March 31, 2022	
	FVTPL	Amortised cost
<b>Financial Assets:</b>		
Cash and cash equivalents	-	21,406
Other financial assets	-	19
<b>Total financial assets</b>	<b>-</b>	<b>21,425</b>
<b>Financial Liabilities:</b>		
Trade and other payables	-	43
<b>Total Financial Liabilities</b>	<b>-</b>	<b>43</b>

The Equity instruments in subsidiaries and associates are measured at cost and not included in the above table.

#### b) Fair value hierarchy

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

All financial assets and liabilities are measured at amortised cost and are classified under level 3. Being short term in nature, their carrying amount is considered a reasonable approximation of their fair value.

### 24 FINANCIAL RISK MANAGEMENT

The Company is exposed primarily to liquidity risks which may adversely impact the fair value of its financial instruments. The Company has a risk management policy which covers risks associated with the financial assets and liabilities.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023

### a) Credit Risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations, and arisen principally from its investment transactions. Cash and cash equivalents, bank deposits are held with only high rated banks/financial institutions, credit risk on them is perceived to be low:

### b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The following table shows the maturity analysis of financial liabilities of the Company based on contractually agreed undiscounted cash flows as at the balance sheet date:

(₹ in Lakhs)			
As at March 31, 2023	Note	Less than 12 months	Total
Trade payables	7	3,340	3,340
<b>Total</b>		<b>3,340</b>	<b>3,340</b>
(₹ in Lakhs)			
As at March 31, 2022	Note	Less than 12 months	Total
Trade payables	7	43	43
<b>Total</b>		<b>43</b>	<b>43</b>

## 25 EMPLOYEE SHARE BASED PAYMENTS

### A Employee stock option scheme (cash settled) - IDFC Asset Management Company Limited

Pursuant to the resolution passed by the members at Extra Ordinary General Meeting dated December 24, 2019 IDFC Asset Management Company Limited ("IDFC AMC"), a subsidiary of the Company, introduced IDFC AMC Employee Stock Option Scheme, 2020 ("ESOS 2020") to enable the employees of IDFC AMC to participate in the future growth and financial success of the IDFC AMC. The scheme restricts the transferability of shares exercised by the employees. IDFC Financial Holding Limited (an immediate parent of IDFC AMC) has right to buyback the shares from the employees as per the terms of the scheme. On applying the guidance under Ind AS 102 the said scheme is classified as "cash settled" in the standalone financial statements of the Company.

### a) The fair value of the options was determined using the Black-Scholes model using the following inputs at March 31, 2022:

#### (i) Grant date - September 1, 2021

	As at March 31, 2023	As at March 31, 2022
Stock Price (₹)	-	1,680
Volatility	-	0.44
Riskfree Rate	-	0.06
Exercise Price (₹)	-	1,186
Time To Maturity (In Years)	-	4.92
Dividend yield	-	0.08
Option Fair Value	-	537

#### (ii) Grant date - December 1, 2021

	As at March 31, 2023	As at March 31, 2022
Stock Price (₹)	-	1,680
Volatility	-	0.44
Riskfree Rate	-	0.06
Exercise Price (₹)	-	1,443
Time To Maturity (In Years)	-	5.17
Dividend yield	-	0.08
Option Fair Value	-	464



## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023

### (iii) Grant date - January 1, 2020

	As at March 31, 2023	As at March 31, 2022
Stock Price (₹)	-	1,680
Volatility	-	0.46
Riskfree Rate	-	0.05
Exercise Price (₹)	-	699
Time To Maturity (In Years)	-	3.25
Dividend yield	-	0.08
Option Fair Value	-	789

### (iv) Grant date - April 1, 2020

	As at March 31, 2023	As at March 31, 2022
Stock Price (₹)	-	1,680
Volatility	-	0.46
Riskfree Rate	-	0.06
Exercise Price (₹)	-	699
Time To Maturity (In Years)	-	3.51
Dividend yield	-	0.08
Option Fair Value	-	780

### (v) Grant date - October 1, 2020

	As at March 31, 2023	As at March 31, 2022
Stock Price (₹)	-	1,680
Volatility	-	0.45
Riskfree Rate	-	0.06
Exercise Price (₹)	-	699
Time To Maturity (In Years)	-	4.01
Dividend yield	-	0.08
Option Fair Value	-	758

### b) Set out below is a summary of options granted under the plan based on exercise price:

	As at March 31, 2023		As at March 31, 2022	
	Average exercise price (₹)	Number of options	Average exercise price (₹)	Number of options
Opening balance	699	602,000	699	604,000
Granted during the year	-	-	1,280	27,500
Exercised during the year	699	(487,500)	-	-
Forfeited during the year	699	(63,000)	699	(29,500)
Lapsed/expired during the year	-	-	-	-
Transferred on account of sale to Bandhan consortium	699	(51,500)	-	-
<b>Closing balance</b>	-	-	699	602,000
Vested and exercisable	-	-	-	-

The weighted average share price at the date on which options were exercised during the year ended March 31, 2023 was ₹ 699.03 (previous year ₹ Nil).

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023

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

Grant date	Expiry date	Exercise price	Outstanding as at March 31, 2023	Outstanding as at March 31, 2022
1-Sep-21	1-Sep-28	1,186	-	17,500
1-Dec-21	1-Dec-28	1,443	-	10,000
1-Jan-20	1-Jan-28	699	-	555,500
1-Apr-20	1-Apr-28	699	-	7,500
1-Oct-20	1-Oct-28	699	-	11,500
<b>Total</b>			-	602,000
Weighted average remaining contractual life of options outstanding at end of period			-	5.86

### B Employee stock option scheme (cash settled) - IDFC Asset Management Company Limited

Pursuant to the resolution passed by the members at Extra Ordinary General Meeting dated September 7, 2017 IDFC Asset Management Company Limited ("IDFC AMC"), a subsidiary of the Company, introduced Employee Stock Option Scheme, 2017 ("ESOS - 2017") to enable the employees of IDFC AMC to participate in the future growth and financial success of the IDFC AMC. The scheme restricts the transferability of shares exercised by the employees. IDFC Financial Holding Limited (an immediate parent of IDFC AMC) has right to buyback the shares from the employees as per the terms of the scheme. On applying the guidance under Ind AS 102 the said scheme is classified as "cash settled" in the standalone financial statements of the Company.

### a) The fair value of the options was determined using the Black-Scholes model using the following inputs at March 31, 2022:

#### (i) Grant date - April 11, 2018

	As at March 31, 2023	As at March 31, 2022
Stock Price (₹)	-	1,680
Volatility	-	0.29
Riskfree Rate	-	0.05
Exercise Price (₹)	-	965
Time To Maturity (In Years)	-	1.53
Dividend yield	-	0.08
Option Fair Value	-	612

#### (ii) Grant date - November 6, 2017

	As at March 31, 2023	As at March 31, 2022
Stock Price (₹)	-	1,680
Volatility	-	0.30
Riskfree Rate	-	0.05
Exercise Price (₹)	-	965
Time To Maturity (In Years)	-	1.80
Dividend yield	-	0.08
Option Fair Value	-	604

#### (III) Grant date - September 9, 2017

	As at March 31, 2023	As at March 31, 2022
Stock Price (₹)	-	1,680
Volatility	-	0.29
Riskfree Rate	-	0.05
Exercise Price (₹)	-	965
Time To Maturity (In Years)	-	1.72
Dividend yield	-	0.08
Option Fair Value	-	606

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023

### b) Set out below is a summary of options granted under the plan based on exercise price:

	As at March 31, 2023		As at March 31, 2022	
	Average exercise price (₹)	Number of options	Average exercise price (₹)	Number of options
Opening balance	965	365,680	965	387,960
Granted during the year	-	-	-	-
Exercised during the year	965	(357,390)	965	(1,600)
Forfeited during the year	965	(8,290)	965	(20,680)
Lapsed/expired during the year	-	-	-	-
<b>Closing balance</b>	-	-	965	365,680
Vested and exercisable	-	-	965	365,680

The weighted average share price at the date on which options were exercised during the year ended March 31, 2023 was ₹ 964.69 (previous year ₹ 1,106.06).

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

Grant date	Expiry date	Exercise price	Outstanding	Outstanding
			as at March 31, 2023	as at March 31, 2022
9-Sep-17	9-Sep-25	965	-	346,260
6-Nov-17	6-Nov-25	965	-	9,420
11-Apr-18	11-Apr-26	965	-	10,000
<b>Total</b>			-	365,680
Weighted average remaining contractual life of options outstanding at end of period			-	3.47

### C Amount recognised as increase in investment:

Under the group share based payment arrangement, the total increase in the investment in IDFC AMC for the year ended March 31, 2023 amounted to ₹ (5,607) Lakhs (previous year ₹ 3,853 Lakhs). Since the investment is sold in current year, the ESOP effect given in the investment till last year is fully reversed

## 26 RELATED PARTY TRANSACTIONS

### a) Holding Company

IDFC Limited

**The list of related parties with whom transactions have taken place during the year**

### b) Subsidiaries

#### Direct

IDFC Asset Management Company Limited (upto January 30, 2023)

IDFC AMC Trustee Company Limited (upto January 30, 2023)

### c) Associate

IDFC FIRST Bank Limited

### d) Key Management Personnel

Mr. Bimal Giri - Chief Executive Officer (upto December 31, 2022)

Ms. Anita Belani - Independent director (upto November 08, 2021)

Ms. Anita Belani - Nominee director (w.e.f November 09, 2021)

Dr. Jaimini Bhagwati - Independent director (upto December 27, 2021)

Ms. Sudha Krishnan - Independent director (w.e.f June 16, 2021)

Mr. Ajay Sondhi - Nominee director (w.e.f December 22, 2021)

Mr. V S Das - Independent Director (w.e.f December 28, 2021)

Mr. Vinod Rai - Nominee Director (upto September 22, 2021)

Mr. Bipin Gemani - Chief Financial Officer

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023

### e) Key management personnel compensation

	(₹ in Lakhs)	
	Year ended March 31, 2023	Year ended March 31, 2022
Short-term employee benefit	68	92
Long-term employee benefit	-	-
<b>Total</b>	<b>68</b>	<b>92</b>

Sitting fees and commission to directors has been disclosed as "Directors' Sitting Fees" and "Commission to directors" respectively, under "other expenses" in note 16. There is no other benefit paid to the directors.

### f) Transactions with related parties

		(₹ in Lakhs)	
Name of the Entity	Particulars	Year ended March 31, 2023	Year ended March 31, 2022
IDFC Limited	Shared service cost paid	4	4
	Insurance charges	3	-
	Inter corporate deposits taken	10,000	1000*
	Inter corporate deposits repaid	(10,000)	8500*
	Interest paid on inter corporate deposit taken	36	463*
	Inter corporate deposits given	7,580	-
	Inter corporate deposits received back	(7,580)	-
	Interest received on inter corporate deposit given	50	-
	Dividend paid	193,000	-
IDFC FIRST Bank Limited	Interest Income	2,360	30
	Fixed deposit placed	570,765	23,307
	Fixed deposit matured	565,630	1,937
IDFC Asset Management Company Limited	Dividend received	17,306	34,024

\* These transactions were with IDFC Alternatives Limited (now merged with IDFC Limited).

### g) Outstanding balances

		(₹ in Lakhs)	
Name of the Entity	Particulars	Year ended March 31, 2023	Year ended March 31, 2022
IDFC FIRST Bank Limited	Balance in current accounts	50	29
	Balance in fixed deposits	26,505	21,370
	Interest accrued on deposits	105	14
	Investment in Equity shares (at cost)	1,055,076	835,446
IDFC Limited	Outstanding Equity shares	902,924	902,924
	Payable outstanding	-	1
IDFC Asset Management Company Limited	Investment in Equity shares (at cost)	-	87,372
IDFC AMC Trustee Company Limited	Investment in Equity shares (at cost)	-	8

### h) Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates. The average interest rate on the inter corporate deposits taken during the year was 10% (previous year 10%) and average interest rate on the inter corporate deposits given during the previous year was 10%.

i) Disclosure requirements in relation to related party transactions wide- NBFC circular RBI/2022-23/26 DOR.ACC.REC. No.20/21.04.018/2022-23 dated April 19, 2022 are complied.

27 IDFC Financial Holding Company Limited was incorporated as a Company under the Companies Act, 2013 on November 07, 2014. Reserve Bank of India (RBI) has granted a certificate dated June 18, 2015 to the Company permitting it to commence and carry on the business of Non-Operative Financial Holding Company (NOFHC) (as a non-deposit taking NBFC). The following additional information is disclosed in terms of the RBI circular (Ref No. DNBR .PD. 008 / 03.10.119 / 2016-17 dated September 01, 2016)

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023

### i) Capital to risk assets ratio (CRAR)

	As at March 31, 2023	As at March 31, 2022
CRAR (%)	99.43%	96.79%
CRAR - Tier I Capital (%)	99.43%	96.79%
CRAR - Tier II Capital (%)	-	-
Amount of Subordinated Debt considered as Tier-II Capital	-	-
Amount raised by issue of Perpetual Debt Instruments	-	-

### ii) Asset liability management maturity pattern of certain items of assets and liabilities :

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

(₹ in Lakhs)

	As at March 31, 2023			As at March 31, 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
<b>Financial assets</b>						
Cash and cash equivalents	4,708	-	4,708	21,406	-	21,406
Bank balances other than cash and cash equivalents above	21,850	-	21,850	-	-	-
Investments	-	1,055,076	1,055,076	-	835,446	835,446
Other financial assets	105	-	105	19	-	19
<b>Non-financial assets</b>						
Income tax assets (net)	-	505	505	-	618	618
Assets classified as held for sale	-	-	-	92,988	-	92,988
<b>Total assets</b>	<b>26,663</b>	<b>1,055,581</b>	<b>1,082,244</b>	<b>114,413</b>	<b>836,064</b>	<b>950,477</b>
<b>Financial liabilities</b>						
Payables						
(I) Trade payables						
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	3,340	-	3,340	43	-	43
<b>Non-financial Liabilities</b>						
Income tax liabilities (net)	55	-	55	-	-	-
Other non-financial liabilities	306	-	306	9	-	9
Liabilities classified as held for sale	-	-	-	5,607	-	5,607
<b>Total liabilities</b>	<b>3,701</b>	<b>-</b>	<b>3,701</b>	<b>5,659</b>	<b>-</b>	<b>5,659</b>
<b>Net</b>	<b>22,962</b>	<b>1,055,581</b>	<b>1,078,543</b>	<b>108,754</b>	<b>836,064</b>	<b>944,818</b>

### iii) Investor group wise classification of all investments (current and non-current) in shares and securities (both quoted and unquoted):

(₹ in Lakhs)

	As at March 31, 2023		As at March 31, 2022	
	Market value / Break up value / Fair value / NAV	Book value net of provision	Market value / Break up value / Fair value / NAV	Book value net of provision
<b>1 Related parties</b>				
(a) Subsidiaries	-	-	450,000	92,988
(b) Companies in the same group	1,456,864	1,055,076	900,768	835,446
(c) Other related parties	-	-	-	-
<b>Total</b>	<b>1,456,864</b>	<b>1,055,076</b>	<b>1,350,768</b>	<b>928,434</b>

## iv) Penalties / fines imposed by the RBI

During the year ended March 31, 2023 there was no penalty imposed by the RBI (Previous Year Nil).

## 28 THE DISCLOSURE ON THE FOLLOWING MATTERS REQUIRED UNDER SCHEDULE III AS AMENDED ON MARCH 24, 2021 NOT BEING RELEVANT OR APPLICABLE IN CASE OF THE COMPANY, SAME ARE NOT COVERED:

- (i) The Company has not traded or invested in crypto currency or virtual currency during the financial year.
- (ii) No proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- (iii) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (iv) The Company has not entered into any scheme of arrangement which has been approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013.
- (v) No satisfaction of charges are pending to be filed with ROC.
- (vi) There are no transactions which are not recorded in the books of account which have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.
- (vii) There Company has not entered into any transaction with Struck off Companies.
- (viii) There have been no revaluation of Plant, Property and Equipment during the current year.
- (ix) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
  - a directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
  - b provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (x) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
  - a directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
  - b provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (xi) The Company has not advanced any loans or advances in the nature of loans to specified persons viz. promoters, directors, KMPs, related parties; which are repayable on demand or where the agreement does not specify any terms or period of repayment.

## 29 Disclosure requirement as mentioned in below circulars are not given as the Company has nothing to report in respect to these circulars :

- (i) Implementation of Indian Accounting Standards by Non Banking Financial Companies and Asset Reconstruction Companies bearing reference number DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020.
- (ii) Resolution Framework - Resolution of Covid-19 related stress as per the notification no. RBI/2020-21/16 DOR.NO.BP.BC/3/21.04.048/2020-21 dated August 6, 2020 and RBI/2021-22/31/DOR.STR.REC.11 /21.04.048/2021-22 dated May 05, 2021.
- (iii) Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021 dated September 24, 2021 bearing reference number RBI/DOR/2021-22/86 DOR.STR.REC.51/21.04.048/2021-22.
- (iv) NBFC circular DNBR (PD) CC.No.008/03.10.119/2016-17 dated September 01, 2016 (Updated as on December 29, 2022) and RBI/2022-23/26 DOR.ACC.REC.No.20/21.04.018/2022-23 dated April 19, 2022:
  - a Exposures to Capital Market.
  - b Disclosure of complaints.
  - c Ratings assigned by credit rating agencies.
  - d Disclosures regarding Derivatives.
  - e Disclosures relating to Securitization.
  - f Exposure to Real Estate Sector.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023

- g Details of financing of parent company products.
- h Detail of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC.
- i Unsecured Advances.
- j Concentration of Deposits, Advances, Exposures and NPAs.
- k Sector-wise NPAs.
- l Overseas Assets (for those with Joint Ventures and Subsidiaries abroad).
- m Off-balance sheet SPVs sponsored.
- n Intra-group exposures.
- o Unhedged foreign currency exposure.

**30** Amounts less than ₹ 50,000 have been denoted by β.

### **For V. C. Shah & Co.**

Chartered Accountants  
(Firm Registration No: 109818W)

### **Viral J. Shah**

Partner  
Membership Number : 110120

Mumbai, April 25, 2023

For and on behalf of the Board of Directors of  
**IDFC Financial Holding Company Limited**  
CIN: U65900TN2014PLC097942

### **Ms. Sudha Krishnan**

Director  
DIN: 02885630

### **Bipin Gemani**

Chief Financial Officer  
PAN: AACPG6412A

### **Vishwvir Saran Das**

Director  
DIN: 03627147

### **Shivangi Mistry**

Company Secretary  
ACS: 52174

Corporate Identity Number: L65191TN1997PLC037415 info@idflimited.com; www.idflimited.com

Regd. Office: 4<sup>th</sup> Flr., Capitale Tower, 555 Anna Salai, Thiru Vi Ka Kudiyiruppu, Teynampet, Chennai - 600 018 Tel: +91 44 4564 4201 / 4202 / 4223

Corp. Office: 906/907, 9<sup>th</sup> Floor, Embassy Centre, Jamnalal Bajaj Road, Nariman Point, Mumbai - 400 021 Tel +91 22 2282 1549

## NOTICE

**NOTICE** is hereby given that the Twenty Sixth Annual General Meeting (“**AGM**”) of the Members of IDFC Limited (“**IDFC**” or “**the Company**”) will be held on Thursday, August 17, 2023 at 3:00 p.m. through Video Conferencing (“**VC**”) / Other Audio Visual Means (“**OAVM**”), to transact the following business:

### ORDINARY BUSINESS

#### 1. To consider and adopt:

- a. the audited standalone financial statements of the Company for the financial year ended March 31, 2023 and the Reports of the Board of Directors and the Auditors thereon; and
- b. the audited consolidated financial statements of the Company for the financial year ended March 31, 2023 and the Report of the Auditors thereon.

2. To appoint a Director in place of Mr. Mahendra N Shah (DIN: 00124629), who retires by rotation and being eligible, offers himself for reappointment.

### SPECIAL BUSINESS

#### 3. Re-appointment of Mr. Mahendra N Shah (DIN: 00124629) as the Managing Director

To consider, and if thought fit, to pass, the following as **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder including any statutory modification(s) or re-enactment(s) thereof for the time being in force, read with Schedule V of the Companies Act, 2013 and Articles of Association of the Company and pursuant to the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, as amended from time to time and all applicable guidelines issued by the Central Government from time to time and subject to such other approvals, as may be necessary and on the recommendation of the Nomination and Remuneration Committee (“**NRC**”), and the Board, approval of the Members be and is hereby accorded to re-appoint Mr. Mahendra N Shah (DIN: 00124629), as the Managing Director (“**MD**”), designated Key Managerial Personnel of the Company w.e.f. October 01, 2023 till September 30, 2024, on the terms and conditions approved by the Board.

**RESOLVED FURTHER THAT** where in any financial year, the Company has no profits or inadequate profits the remuneration as decided by the Board or any Committee thereof from time to time, shall be paid to Mr. Mahendra N Shah as per the provisions of the Companies Act, 2013 read with the applicable provisions of Schedule V of the Companies Act, 2013 and Rules made there under.

**RESOLVED FURTHER THAT** Mr. Mahendra N Shah shall be liable to retire by rotation during his tenure as MD.

**RESOLVED FURTHER THAT** for purpose of giving effect to the foregoing resolution, the Board of Directors or any Committee thereof or Ms. Shivangi Mistry, Company Secretary & Compliance Officer of the Company, be and are hereby authorised to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in the said regard.”

#### 4. Payment of the remuneration to Mr. Mahendra N Shah as the Managing Director

To consider, and if thought fit, to pass, the following as **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder including any statutory modification(s) or re-enactment(s) thereof for the time being in force, read with Schedule V of the Companies Act, 2013 and Articles of Association of the Company and pursuant to the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, as amended from time to time and all applicable guidelines issued by the Central Government from time to time and subject to such other approvals, as may be necessary and on the recommendation of the Nomination and Remuneration Committee (“**NRC**”) and the Board, approval of the Members be and is hereby accorded for payment of the remuneration to Mr. Mahendra N Shah (DIN: 00124629), as the Managing Director (“**MD**”), designated Key Managerial Personnel of the Company on the terms and conditions approved by the Board as set out in the Explanatory Statement, for the period October 01, 2023 till September 30, 2024 including remuneration as mentioned below:

- i. Basic Salary: Rs. 10,00,000/- (Rupees Ten Lacs) per month.
- ii. Perquisites and Allowances: In addition to the Basic



# NOTICE (continued)

Salary, Mr. Mahendra N Shah will also be entitled to the perquisites and allowances like house rent allowance or rent free furnished accommodation in lieu thereof, variable pay / performance linked incentives, medical reimbursement, special allowance, contribution to provident fund, National Pension Scheme and payment of gratuity and such other perquisites and allowances in accordance with the rules of the Company or as may be agreed by the Board of Directors of the Company with Mr. Mahendra N Shah from time to time. For the purpose of calculating the above ceiling, perquisites and allowances shall be evaluated as per income tax rules, wherever applicable.

**RESOLVED FURTHER THAT** the remuneration payable to Mr. Mahendra N Shah, Managing Director (including salary, perquisites, allowances, benefits) shall be in compliance with Section 197, 198 of the Companies Act, 2013 read with Schedule V.

**RESOLVED FURTHER THAT** the Board or any Committee thereof, be and is hereby authorised to decide the remuneration (salary, perquisites and bonus) payable to Mr. Mahendra N Shah within the terms mentioned above.

**RESOLVED FURTHER THAT** Mr. Mahendra N Shah be paid variable pay of Rs. 2 crore for FY 2022-23 and the variable pay for the FY 2023-24 will be decided by the NRC and the Board of Directors.

**RESOLVED FURTHER THAT** consent of the members be and is hereby accorded that where in any financial year, the Company has no profits or inadequate profits in any financial year the remuneration as decided by the Board or any Committee thereof from time to time, shall be paid to Mr. Mahendra N Shah as per the provisions of the Companies Act, 2013 read with the applicable provisions of Schedule V of the Companies Act, 2013 and Rules made there under.

**RESOLVED FURTHER THAT** for purpose of giving effect to the foregoing resolution, the Board of Directors or any Committee thereof or Ms. Shivangi Mistry, Company Secretary & Compliance Officer of the Company, be and are hereby authorised to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in the said regard."

## 5. Appointment of Mr. Bipin Gemani (DIN: 07816126) as the Whole Time Director and Chief Financial Officer

To consider, and if thought fit, to pass, the following as **Ordinary Resolution:**

**"RESOLVED THAT** pursuant to the provisions of Section

196, 197, 198 and 203 of the Companies Act, 2013, and any other applicable provisions of the Companies Act, 2013, and the Rules made thereunder including any statutory modification(s) or re-enactment(s) thereof for the time being in force, read with Schedule V of the Companies Act, 2013 and Articles of Association of the Company and pursuant to the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, as amended from time to time and all applicable guidelines issued by the Central Government from time to time and subject to approval of the members and such other approvals, as may be necessary and on the recommendation of the Nomination and Remuneration Committee ("NRC"), Audit Committee and the Board, approval of the Member be and is hereby accorded to appointment Mr. Bipin Gemani (DIN: 07816126) having membership No. 35735 issued by the Institute of Chartered Accountant of India (who was appointed as an Additional Director of the Company) as the Whole Time Director and Chief Financial Officer (WTD & CFO) of IDFC Limited, designated Key Managerial Personnel w.e.f. July 17, 2023 till September 30, 2024.

**RESOLVED FURTHER THAT** where in any financial year, the Company has no profits or inadequate profits the remuneration as decided by the Board or any Committee thereof from time to time, shall be paid to Mr. Bipin Gemani as per the provisions of the Companies Act, 2013 read with the applicable provisions of Schedule V of the Companies Act, 2013 and Rules made there under.

**RESOLVED FURTHER THAT** Mr. Bipin Gemani shall be liable to retire by rotation during his tenure as WTD.

**RESOLVED FURTHER THAT** for purpose of giving effect to the foregoing resolution, the Board of Directors or any Committee thereof or Ms. Shivangi Mistry, Company Secretary & Compliance Officer of the Company, be and are hereby authorised to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in the said regard."

## 6. Payment of remuneration to Mr. Bipin Gemani, Whole Time Director and Chief Financial Officer

To consider, and if thought fit, to pass, the following as **Special Resolution:**

**"RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder including any statutory modification(s) or re-enactment(s) thereof for the time being in force, read with Schedule V of the Companies Act, 2013 and Articles of Association of the Company and pursuant to the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, as amended

# NOTICE (continued)

from time to time and all applicable guidelines issued by the Central Government from time to time and subject to approval of members and such other approvals, as may be necessary and recommendation of the Nomination and Remuneration Committee (“NRC”) and Audit Committee, approval of the Members be and is hereby accorded for payment of the remuneration to Mr. Bipin Gemani (DIN: 07816126), as the Whole Time Director and Chief Financial Officer (WTD & CFO) of IDFC Limited, designated Key Managerial Personnel w.e.f. July 17, 2023 till September 30, 2024 including remuneration as mentioned below:

- i. Basic Salary: Rs. 6,66,667/- (Rupees 6.67 Lacs) per month.
- ii. Perquisites and Allowances: In addition to the Basic Salary, Mr. Bipin Gemani will also be entitled to the perquisites and allowances like house rent allowance or rent free furnished accommodation in lieu thereof, variable pay / performance linked incentives, medical reimbursement, special allowance, contribution to provident fund, National Pension Scheme and payment of gratuity and such other perquisites and allowances in accordance with the rules of the Company or as may be agreed by the Board of Directors of the Company with Mr. Bipin Gemani from time to time. For the purpose of calculating the above ceiling, perquisites and allowances shall be evaluated as per income tax rules, wherever applicable.

**RESOLVED FURTHER THAT** the remuneration payable to the Whole Time Director and Chief Financial Officer (WTD & CFO) (including salary, perquisites, allowances, benefits) shall be in compliance with Section 197, 198 of the Companies Act, 2013 read with Schedule V.

**RESOLVED FURTHER THAT** the Board or any Committee thereof, be and is hereby authorised to decide the remuneration (salary, perquisites and bonus) payable to Mr. Bipin Gemani within the terms mentioned above.

**RESOLVED FURTHER THAT** Mr. Bipin Gemani be paid the variable pay for the FY 2023-24 as may be decided by the NRC and the Board of Directors.

**RESOLVED FURTHER THAT** consent of the members be and is hereby accorded that where in any financial year, the Company has no profits or inadequate profits in any financial year the remuneration as decided by the Board or any Committee thereof from time to time, shall be paid to Mr. Bipin Gemani as per the provisions of the Companies Act, 2013 read with the applicable provisions of Schedule V of the Companies Act, 2013 and Rules made there under.

**RESOLVED FURTHER THAT** for purpose of giving effect to the foregoing resolution, the Board of Directors or any Committee thereof and / or Ms. Shivangi Mistry, Company

Secretary & Compliance Officer of the Company, be and are hereby authorized to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in the said regard.”

By order of the Board of Directors

**Shivangi Mistry**

Company Secretary

Mumbai | July 17, 2023

## NOTES:

1. The Ministry of Corporate Affairs (“MCA”) has vide its circular dated May 5, 2020 read with General Circular No. 14/2020 dated April 8, 2020, No. 17/2020 dated April 13, 2020, No. 39/2020 dated December 31, 2020, No. 10/2021 dated June 23, 2021 and No. 20/2021 dated December 08, 2021, No. 21/2021 dated December 14, 2021, No. 2/2022 dated May 05, 2022 and No. 10/2022 dated December 28, 2022 as amended from time to time (collectively referred to as “MCA Circulars”) and the Securities and Exchange Board of India (SEBI) vide its circular dated January 05, 2023 have permitted holding of the Annual General Meeting of companies through Video Conferencing or Other Audio Visual Means (“VC/OAVM”), without physical presence of the Members at a common venue. In compliance with applicable provisions of the Companies Act, 2013 (“the Act”) read with the MCA Circulars and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations” or “SEBI LODR Regulations”), the 26th Annual General Meeting of the Company is being conducted through Video Conferencing (“VC”) (hereinafter referred to as “AGM” or “e-AGM”).
2. Pursuant to SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on “e-Voting facility provided by Listed Companies”, e-Voting process has been enabled to all the individual demat account holders, by way of single login credential, through their demat accounts/ websites of Depositories / DPs in order to increase the efficiency of the voting process. The Statement pursuant to Section 102 of the Companies Act, 2013 with respect to the Special Businesses set out in the Notice is annexed hereto. Brief resume and other details of Director proposed to be appointed / reappointed as required under Regulation 36(3) of the SEBI LODR Regulations are given in the Exhibit to the Notice.
3. e-AGM: Company has appointed KFin Technologies Limited (“KFIN” or “RTA”), Registrars and Share Transfer Agents, to provide Video Conferencing facility for the e-AGM and the attendant enablers for conducting of the e-AGM. Individual demat account holders would be able to cast their vote without having to register again with the e-Voting service

# NOTICE (continued)

provider (ESP) thereby not only facilitating seamless authentication but also ease and convenience of participating in e-Voting process. Shareholders are advised to update their mobile number and e-mail ID with their DPs to access e-Voting facility.

4. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his /her behalf who may or may not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC, physical attendance of Members has been dispensed with. Further, as per the MCA Circulars, the facility for appointment of proxies by the Members will not be available for the e-AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice. The voting rights of Members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date.
5. Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF / JPG Format) of its Board or governing body Resolution / Authorization etc., authorizing its representative to attend the e-AGM on its behalf and to vote either through remote e-voting or during the e-AGM. The said Resolution/ Authorization should be sent electronically through their registered email address to the Scrutinizer at scrutinizer.idfc@kfintech.com with a copy marked to shivangi.mistry@idfclimited.com.
6. (a) Members are requested to address all correspondence, including change in address / bank account details, to KFin Technologies Limited [Unit: IDFC Limited], Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad-500 032, India. Members whose shareholding is in the electronic mode are requested to direct change of address notifications and updation of bank account details to their respective Depository Participants ("DP").  
(b) SEBI vide its circular dated April 20, 2018 has made it mandatory for the Company to collect copy of Income Tax Permanent Account Number (PAN) and bank account details of all security holders holding securities in physical form. Accordingly, all Shareholders holding shares in physical form are requested to submit duly attested documents to KFin.  
(c) As per the provisions of Section 72 of the Act, the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. Members holding shares in physical mode can download the nomination form by logging in <https://kprism.kfintech.com/> or write to [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) for the nomination registration process. Members are requested to submit the said details to their DP in case the shares are held by them in electronic form.  
(d) Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the Company or KFin, the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be issued to such Members after making requisite changes.
7. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from, April 1, 2019, except in case of request received for transmission or transposition of securities or mutation of names of the deceased shareholder. In view of this and to eliminate all risks associated with physical shares and for ease of managing their portfolio members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Company's Registrars and Share Transfer Agents, KFin for any assistance in this regard.
8. Attending e-AGM: Member will be provided with a facility to attend the e-AGM through video conferencing platform provided by KFin. Members may access the same at <https://emeetings.kfintech.com/> by clicking on "Video Conference" and access the shareholders' / members' login by using the remote e-voting credentials which shall be provided as per Note No. 18 below. Kindly refer note no. 17 below for detailed instruction for participating in e-AGM through Video Conferencing. The Members can join the e-AGM 15 minutes before the scheduled time of the commencement of the AGM by following the procedure mentioned in the Notice.
9. As per the MCA Circular up to 2000 members will be able to join the e-AGM on a first-come-first-served basis. However, this restriction shall not apply to large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors, Scrutinizer etc.
10. A member's log-in to the Video Conferencing platform using the remote e-voting credentials shall be considered for record of attendance of such member for the e-AGM and such member attending the meeting will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
11. Remote e-Voting: Pursuant to the provisions of Section 108 of the Act, Rule 20 of the Companies (Management and Administration) Rules, 2014, Regulation 44 of Listing Regulations, and the MCA Circulars, the Company is providing facility of remote e-voting to its Members through Company's Registrar and Share Transfer Agent KFin Technologies Limited.
12. Voting during the AGM: Members who are present at the e-AGM through VC and have not cast their vote on resolutions through remote e-voting may cast their vote during the e-AGM through the e-voting system provided by KFin Technologies Limited in the Video Conferencing platform during the e-AGM. Kindly refer Note no. 19 below for instruction for e-voting during the AGM.
13. The Company has fixed **Thursday, August 10, 2023** as the

# NOTICE (continued)

cut-off date for identifying the Members who shall be eligible to vote through remote e-voting facility or for participation and voting in the e-AGM.

14. A person whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date shall be entitled to vote on the resolutions through the facility of Remote e-Voting or participate and vote in the e-AGM.
15. In compliance with the aforesaid MCA Circulars and SEBI Circulars, Notice of the e-AGM along with the Annual Report for the financial year ended on 31st March, 2023 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. The Notice calling the AGM and the Annual Report has been uploaded on the website of the Company at [www.idfclimited.com](http://www.idfclimited.com). The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively where the Company's shares are listed. The same is also available on the website of KFin Technologies Limited at: <https://evoting.kfintech.com/>.
16. Procedure for registering the email addresses and obtaining the Annual Report, e-AGM notice and e-voting instructions by the shareholders whose email addresses are not registered with the Depositories (in case of shareholders holding shares in Demat form) or with RTA (in case the shareholders holding shares in physical form)
  - i. Those members who have not yet registered their email addresses are requested to get their email addresses registered by following the procedure given below:
    - a. Members holding shares in demat form can get their e-mail ID registered by contacting their respective Depository Participant.
    - b. Members holding shares in physical form may register their email address and mobile number with Company's Registrar and Share Transfer Agent, KFin Technologies Limited by sending an e-mail request at the email ID [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) along with signed scanned copy of the request letter providing the email address, mobile number, self-attested PAN copy and copy of share certificate for registering their email address and receiving the Annual report, AGM Notice and the e-voting instructions.
  - ii. Those members who have not registered their email addresses with the Company's RTA / Depository Participants, as the case may be, are requested to visit [https://ris.kfintech.com/email\\_registration/](https://ris.kfintech.com/email_registration/) and follow the process as mentioned on the landing page to receive the Annual Report, AGM Notice and Voting Instructions. In case of any queries, shareholder may write to [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com).
  - iii. Those members who have registered their e-mail address, mobile nos., postal address and bank account details are requested to validate/update their registered details by contacting the Depository Participant in case of shares held in electronic form or by contacting KFin Technologies Limited, the Registrar and Share Transfer Agent of the Company, in case the shares held in physical form.
17. Instructions to the Members for attending the e-AGM through Video Conference:
  - i. Attending the e-AGM: Member will be provided with a facility to attend the e-AGM through video conferencing platform provided by KFin Technologies Limited. Members may access the same at logging in <https://emeetings.kfintech.com/> using the login credentials and click on "Video Conference". Select the EVEN 7422 and click on the camera icon to join the meeting.
  - ii. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the instructions provided in remote e-Voting in Note No. 18 below.
  - iii. Members are encouraged to join the Meeting through Laptops with Google Chrome for better experience.
  - iv. Further Members will be required to allow access to the Camera, if any, and are requested to use Internet with good speed to avoid any disturbance during the meeting.
  - v. Please note that participants using Mobile Devices or Tablets or Laptops and are accessing the internet via "Mobile Hotspot" may experience Audio / Video loss due to fluctuation in their respective networks. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
  - vi. Submission of Questions / queries prior to e-AGM:
    - a. Members desiring any additional information with regard to Accounts / Annual Reports or has any question or query are requested to write to the Company Secretary on the Company's investor email-id i.e. [info@idfclimited.com](mailto:info@idfclimited.com) at least 2 days before the date of the e-AGM so as to enable the Management to keep the information ready. Please note that, members questions will be answered only if they continue to hold the shares as of cut-off date.
    - b. Alternatively, shareholders holding shares as on cut-off date may also visit <https://emeetings.kfintech.com/> and click on the tab "Post Your Queries Here" to post their queries / views / questions in the window provided, by mentioning their name, demat account number / folio number, email ID, mobile number. The window shall be activated during the remote e-voting period and shall be closed 24 hours before the time fixed for the e-AGM.
  - vii. Speaker Registration before e-AGM: In addition to above, speaker registration may also be allowed during the remote e-voting period. Shareholders who wish to register as speakers are requested to visit <https://emeetings.kfintech.com/> and click on 'Speaker Registration' during this period. Shareholders are

# NOTICE (continued)

requested to wait for their turn to be called by the Chairman of the meeting or the moderator as the case maybe, during the Question Answer Session. Due to limitations of transmission and coordination during the e-AGM, the Company may have to dispense with or curtail the Speaker Session, hence shareholders are encouraged to send their questions etc. in advance as provided in note no. 17(vi) above.

- viii. All documents referred to in the accompanying explanatory statement are available for inspection upto the date of the e-AGM on the website of the Company at the following weblink:  
[http://www.idfclimited.com/investor\\_relations/annual\\_report.htm](http://www.idfclimited.com/investor_relations/annual_report.htm)
  - ix. Members who wish to inspect, the Register of Directors and Key Managerial Personnel and their shareholding maintained under section 170 of Companies Act, 2013 and Register of Contracts or arrangements in which directors are interested maintained under section 189 of the Companies Act, 2013, can send an email to: [shivangi.mistry@idfclimited.com](mailto:shivangi.mistry@idfclimited.com)
18. Instructions for members for remote e-Voting: In compliance with the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and the provisions of Regulation 44 of the Listing Regulations the Members are provided with the facility to cast their vote remotely on all resolutions set-forth in this notice through remote e-voting platform provided by KFin Technologies Limited ('remote e-voting'). Members attending the e-AGM who have not already cast their vote by remote e-Voting shall be able to cast their vote electronically during the meeting (e-voting) when window for e-voting is activated upon instructions of the Chairman
- i. The remote e-voting facility will be available during the following period:
    - a. Day, date and time of commencement of remote e-voting: **Friday, August 11, 2023 at 9:00 a.m.**
    - b. Day, date and time of end of remote e-voting beyond which remote e-voting will not be allowed: **Wednesday, August 16, 2023 at 5:00 p.m.**
  - ii. Details of Website: <https://emeetings.kfintech.com/>
  - iii. The voting rights of the Members holding shares in physical form or in dematerialized form, in respect of e-voting shall be reckoned in proportion to their share in the paid-up equity share capital as on the cut-off date being **Thursday, August 10, 2023**. A person who is not a Member as on the cut-off date should treat Notice of this Meeting for information purposes only.
  - iv. The Company is sending through email, the AGM Notice and the Annual Report to the shareholders whose name is recorded as on Friday, July 14, 2023 in the Register of Members or in the Register of Beneficial Owners maintained by the depositories. Any person who acquires shares of the Company and becomes Member of the Company after Friday, July

14, 2023 being the date reckoned for sending the AGM Notice & Annual Report and who holds shares as on the cut-off date i.e. **Thursday, August 10, 2023**, may obtain the User Id and password in the manner as mentioned below:

- a) If the mobile number of the Member is registered against Folio No. / DPID Client ID, the Member may send SMS:  
MYEPWD <space> Folio number or DPID Client ID to +91-9212993399

Example for NSDL:  
MYEPWD<SPACE>IN12345612345678

Example for CDSL:  
MYEPWD<SPACE>402345612345678

Example for Physical: MYEPWD<SPACE>  
1234567890

If e-mail address or mobile number of the Member is registered against Folio No./ DPID Client ID, then on the home page of <https://emeetings.kfintech.com/>, the Member may click "Forgot Password" and enter Folio No. or DPID Client ID and PAN to generate a password.

- b) Member may call KFin's Toll free number 1-800-3454-001.
  - c) Member may send an e-mail request to [evoting@kfintech.com](mailto:evoting@kfintech.com).
- v. Details of persons to be contacted for issues relating to e-voting:  
Ms. Krishna Priya M, Sr. Manager - Corporate Registry, KFin Technologies Limited,  
Unit: IDFC  
Selenium Tower B, Plot 31-32, Gachibowli,  
Financial District, Nanakramguda,  
Hyderabad - 500 032.  
Contact No. 040-6716 2222/ 7961 1000  
Toll Free No.: 18003454001,  
E-mail: [priya.maddula@kfintech.com](mailto:priya.maddula@kfintech.com)
- vi. The Board of Directors has appointed Bhandari & Associates, Company Secretaries, as the Scrutinizer, to conduct the e-AGM through e-voting process in a fair and transparent manner. Ms. Manisha Maheshwari (Membership No. ACS 30224 and CP. 11031), Partner and failing her, Mr. S N Bhandari (Membership No. FCS 761 and CP. 366), Partner, will represent Bhandari & Associates, Company Secretaries.

## 19. PROCEDURE FOR REMOTE E-VOTING

- i. In compliance with the provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, Regulation 44 of the SEBI Listing Regulations and in terms of SEBI vide circular no. SEBI/HO/CFD/CMD/ CIR/P/2020/242 dated December 9, 2020 in relation to e-Voting Facility Provided by Listed Entities, the Members are provided with the facility to cast their vote electronically, through the

# NOTICE (continued)

e-Voting services provided by KFintech, on all the resolutions set forth in this Notice.

- ii. However, in pursuant to SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on “e-Voting facility provided by Listed Companies”, e-Voting process has been enabled to all the individual demat account holders, by way of single login credential, through their demat accounts/ websites of Depositories / DPs in order to increase the efficiency of the voting process.
- iii. Individual demat account holders would be able to cast their vote without having to register again with the e-Voting service provider (ESP) thereby not only facilitating seamless authentication but also ease and convenience of participating in e-Voting process. Shareholders are advised to update their mobile number and e-mail ID with their DPs to access e-Voting facility.
- iv. The remote e-Voting period commences Friday, August 11, 2023.
- v. The voting rights of Members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date.
- vi. Any person holding shares in physical form and non-individual shareholders, who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at [evoting@Kfintech.com](mailto:evoting@Kfintech.com). However, if he / she is already registered with KFintech for remote e-Voting then he /she can use his / her existing User ID and password for casting the vote.
- vii. In case of Individual Shareholders holding securities in demat mode and who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date may follow steps mentioned below under “Login method for remote e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.”
- viii. The details of the process and manner for remote e-Voting and e-AGM are explained herein below:
  - Step 1:** Access to Depositories e-Voting system in case of individual shareholders holding shares in demat mode.
  - Step 2:** Access to KFintech e-Voting system in case of shareholders holding shares in physical and non-individual shareholders in demat mode.
  - Step 3:** Access to join virtual meetings(e-AGM) of the Company on KFin system to participate e-AGM and vote at the AGM.

## I) Login method for remote e-Voting for Individual shareholders holding securities in demat mode.

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with <b>CDSL Depository</b>	1) Users who have opted for CDSL Easi/ Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login to Easi / Easiest are requested to visit cdsi website <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on login icon & New System Myeasi Tab.
Individual Shareholders holding securities in Demat mode with <b>CDSL Depository</b>	2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly. 3) If the user is not registered for Easi/ Easiest, option to register is available at cdsi website <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on login & New System Myeasi Tab and then click on registration option. 4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.

**Details on Step 1 are mentioned below:**

# NOTICE (continued)

Individual Shareholders holding securities in demat mode with <b>NSDL Depository</b>	1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsd.com">https://eservices.nsd.com</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.
Individual Shareholders holding securities in demat mode with <b>NSDL Depository</b>	2) If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsd.com">https://eservices.nsd.com</a> . Select “Register Online for IDeAS” Portal or click at <a href="https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp</a> 3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsd.com/">https://www.evoting.nsd.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Individual Shareholders (holding securities in demat mode) login through their <b>Depository Participants (DP)</b>	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL / CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL / CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.
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**Important note:** Members who are unable to retrieve User ID / Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL:**

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with <b>CDSL</b>	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at toll free no. 1800 22 55 33
Individual Shareholders holding securities in Demat mode with <b>NSDL</b>	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30

**Details on Step 2 are mentioned below:**

**II) Login method for e-Voting for shareholders other than Individual’s shareholders holding securities in demat mode and shareholders holding securities in physical mode.**

- (A) Members whose email IDs are registered with the Company/ Depository Participant(s), will receive an email from KFIN which will include details of E-Voting Event Number (EVEN), USER ID and password. They will have to follow the following process:
- i. Launch internet browser by typing the URL: <https://emeetings.kfintech.com/>
  - ii. Enter the login credentials (i.e. User ID and password). In case of physical folio, User ID will be **EVEN (E-Voting Event Number) 7422**, followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if you are already registered with KFinTech for e-voting, you can use your existing User ID and password for casting the vote.
  - iii. After entering these details appropriately, click on “LOGIN”.

# NOTICE (continued)

- iv. You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A- Z), one lower case (a-z), one numeric value (0-9) and a special character (@, #, \$, etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
- v. You need to login again with the new credentials.
- vi. On successful login, the system will prompt you to select the **“EVEN” i.e., ‘7422 - AGM’** and click on “Submit”
- vii. On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off Date under “FOR/AGAINST” or alternatively, you may partially enter any number in “FOR” and partially “AGAINST” but the total number in “FOR / AGAINST” taken together shall not exceed your total shareholding as mentioned herein above. You may also choose the option ABSTAIN. If the Member does not indicate either “FOR” or “AGAINST” it will be treated as “ABSTAIN” and the shares held will not be counted under either head.
- viii. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/demat accounts.
- ix. Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.
- x. You may then cast your vote by selecting an appropriate option and click on “Submit”.
- xi. A confirmation box will be displayed. Click “OK” to confirm else “CANCEL” to modify. Once you have voted on the resolution(s), you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).
- xii. Corporate / Institutional Members (i.e. other than Individuals, HUF, NRI etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution / Authority Letter etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to cast its vote through remote e-voting. together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at email id: bhandariandassociates@gmail.com with a copy marked to evoting@kfintech.com. The scanned image of the above-mentioned documents should be in the naming format “Corporate Name\_Even No.”

## **Details on Step 3 are mentioned below:**

### **III) Instructions for all the shareholders, including Individual, other than Individual and Physical, for attending the AGM of**

#### **the Company through VC / OAVM and e-Voting during the meeting.**

- i. Member will be provided with a facility to attend the AGM through VC / OAVM platform provided by KFIN. Members may access the same at <https://emeetings.kfintech.com/> by using the e-voting login credentials provided in the email received from the Company / KFin. After logging in, click on the Video Conference tab and select the EVEN of the Company. Click on the video symbol and accept the meeting etiquettes to join the meeting. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned above.
- ii. Facility for joining AGM through VC/ OAVM shall open atleast 15 minutes before the commencement of the Meeting.
- iii. Members are encouraged to join the Meeting through Laptops/ Desktops with Google Chrome (preferred browser), Safari, Internet Explorer, Microsoft Edge, Mozilla Firefox 22.
- iv. Members will be required to grant access to the webcam to enable VC / OAVM. Further, Members connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio / Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- v. As the AGM is being conducted through VC / OAVM, for the smooth conduct of proceedings of the AGM, Members are encouraged to express their views / send their queries in advance mentioning their name, demat account number / folio number, email id, mobile number at [info@idfclimited.com](mailto:info@idfclimited.com). Questions / queries received by the Company till August 16, 2023 shall only be considered and responded during the AGM.
- vi. The Members who have not cast their vote through remote e-voting shall be eligible to cast their vote through e-voting system available during the AGM. E-voting during the AGM is integrated with the VC / OAVM platform. The Members may click on the voting icon displayed on the screen to cast their votes.
- vii. A Member can opt for only single mode of voting i.e., through Remote e-voting or voting at the AGM. If a Member casts votes by both modes, then voting done through Remote e-voting shall prevail and vote at the AGM shall be treated as invalid.
- viii. Facility of joining the AGM through VC / OAVM shall be available for at least 2000 members on first come first served basis.
- ix. Institutional Members are encouraged to attend and vote at the AGM through VC / OAVM.



# NOTICE (continued)

## 21. OTHER INSTRUCTIONS

- I. **Speaker Registration:** The Members who wish to speak during the meeting may register themselves as speakers for the AGM to express their views. They can visit <https://emeetings.kfintech.com> and login through the user id and password provided in the mail received from Kfintech. On successful login, select 'Speaker Registration' which will be opened from **Friday, August 11, 2023 to Wednesday, August 16, 2023** (evoting window period). Members shall be provided a 'queue number' before the meeting. The Company reserves the right to restrict the speakers at the AGM to only those Members who have registered themselves, depending on the availability of time for the AGM.
- II. **Post your Question:** The Members who wish to post their questions prior to the meeting can do the same by visiting <https://emeetings.kfintech.com>. Please login through the user id and password provided in the mail received from Kfintech. On successful login, select 'Post Your Question' option which will be opened from Friday, August 11, 2023 to Wednesday, August 16, 2023. (evoting window period).
- III. In case of any query and / or grievance, in respect of voting by electronic means, Members may refer to the Help & Frequently Asked Questions (FAQs) and E-voting user manual available at the download section of <https://evoting.kfintech.com> (Kfintech Website) or contact Ms. Krishana Priya M., Senior Manager Corporate Registry, at [evoting@kfintech.com](mailto:evoting@kfintech.com) or call Kfintech's toll free No. 1-800-3094-001 for any further clarifications.
- IV. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on **Thursday, August 10, 2023**, being the cut-off date, are entitled to vote on the Resolutions set forth in this Notice. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only. Once the vote on a resolution(s) is cast by the Member, the Member shall not be allowed to change it subsequently.
- V. In case a person has become a Member of the Company after dispatch of AGM Notice but on or before the cut-off date for E-voting, he / she may obtain the User ID and Password in the manner as mentioned below:
  - i. If the mobile number of the member is registered against Folio No. / DP ID Client ID, the member may send SMS: MYEPWD <space> E-Voting Event Number+Folio No. or DP ID Client ID to 9212993399
    1. Example for NSDL:
    2. MYEPWD <SPACE> IN12345612345678
    3. Example for CDSL:
    4. MYEPWD <SPACE> 1402345612345678
    5. Example for Physical:
    6. MYEPWD <SPACE> XXXX1234567890
  - ii. If e-mail address or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of <https://emeetings.kfintech.com/forgotpassword.aspx>, the member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password.

- iii. Members who may require any technical assistance or support before or during the AGM are requested to contact Kfintech at toll free number 1-800-309-4001 or write to them at [evoting@kfintech.com](mailto:evoting@kfintech.com).
- VI. The results of the electronic voting shall be declared to the Stock Exchanges after the AGM. The results along with the Scrutinizer's Report, shall also be placed on the website of the Company.
- VII. Procedure for Registration of email and Mobile: securities in physical mode**

Physical shareholders are hereby notified that based on SEBI Circular number: SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/37, dated March 16th, 2023, All holders of physical securities in listed companies shall register the postal address with PIN for their corresponding folio numbers. It shall be mandatory for the security holders to provide mobile number. Moreover, to avail online services, the security holders can register e-mail ID. Holder can register / update the contact details through submitting the requisite ISR 1 form along with the supporting documents.

ISR 1 Form can be obtained by following the link: <https://ris.kfintech.com/clientservices/isc/default.aspx>.

1. ISR Form(s) and the supporting documents can be provided by any one of the following modes.
    - a) Through 'In Person Verification' (IPV): the authorized person of the RTA shall verify the original documents furnished by the investor and retain copy(ies) with IPV stamping with date and initials; or
    - b) Through hard copies which are self-attested, which can be shared on the address below; or
- |         |   |
|---------|---|
| Name    | KFIN Technologies Limited   |
| Address | Selenium Building, Tower-B,<br>Plot No 31 & 32, Financial District,<br>Nanakramguda, Serilingampally,<br>Hyderabad, Rangareddy,<br>Telangana India - 500 032. |
- c) Through electronic mode with e-sign by following the link: <https://ris.kfintech.com/clientservices/isc/default.aspx#>.

**Detailed FAQ can be found on the link: <https://ris.kfintech.com/faq.html>**

For more information on updating the email and Mobile details for securities held in electronic mode, please reach out to the respective DP(s), where the DEMAT a/c is being held.

# NOTICE (continued)

## ANNEXURE TO NOTICE

### Statement pursuant to Section 102 (1) of the Companies Act, 2013 setting out all material facts:

#### Item no. 3

Based on the recommendation of the Nomination and Remuneration Committee ("NRC") the Board of Directors of IDFC Limited ("IDFC") or ("the Company") at its meeting held on August 24, 2022 approved the appointment of Mr. Mahendra N Shah (DIN: 00124629) as the Managing Director of IDFC Limited from October 01, 2022 till September 30, 2023. The NRC and the Board also approved variable pay to Mr. Shah not exceeding 50% of fixed remuneration CTC.

The Shareholders of the Company, at its 25th AGM held on September 27, 2022, approved appointment of Mr. Mahendra N Shah (DIN: 00124629) as the Managing Director with effect from October 01, 2022 till September 30, 2023. The term of Mr. Shah will expire on September 30, 2023. Mr. Shah took over the charge as the MD after resignation of Mr. Sunil Kakar. He has been able to execute the strategic plans of the Company as decided by the Board and shareholders. The Company needs to unlock the value for shareholders of IDFC and to do corporate restructuring as per the directions / approvals of the regulatory authority. Mr. Shah has a key role for proposed restructuring.

The Board of Directors of IDFC FHCL, IDFC and IDFC FIRST Bank approved the Scheme of Amalgamation of IDFC FHCL and IDFC with IDFC FIRST Bank whereby IDFC shareholders would be issued 155 equity shares of IDFC FIRST Bank for every 100 equity shares of IDFC held by them. The amalgamation is subject to getting all regulatory and other approvals including from NCLT Chennai. The whole process may take further 9 to 12 months.

Most of the non-core entities / investments / assets of the IDFC Group have been divested between October 2022 till March 2023, as per the details below:

Sr. No.	Sale of business/ assets	Completed
1.	Detachment of IDFC Foundation along with i.e. Delhi Integrated Multi-Modal Transit System Limited (DIMTS) & Infrastructure Development Corporation (Karnataka) Limited (IDeCK)	October 2022
2.	Sale of equity shares held in Novopay Solutions Pvt. Ltd.	October 2022 & March 2023
3.	Merger of three wholly owned subsidiaries i.e. IDFC Alternatives Limited, IDFC Projects Limited and IDFC Trustee Company Limited with IDFC Limited	November 2022
4.	Sale of IDFC Asset Management Company Limited (IDFC AMC) and IDFC AMC Trustee Company Limited to Bandhan Consortium	January 31, 2023

Sr. No.	Sale of business/ assets	Completed
Others		
1.	Special dividend to IDFC shareholders at Rs.11/- per share	February 2023
2.	Subscribed to Preferential offer made by IDFC FIRST Bank ("Bank") to increase IDFC holding in Bank to 39.99%	February- March 2023
3.	Scheme of Amalgamation between IDFC Financial Holding Company Limited, IDFC Limited and IDFC FIRST Bank Limited	July 03, 2023

Based on the recommendation of the NRC and subject to approval of the shareholders at this meeting, the Board of Directors of the Company, at its meeting held on July 17, 2023 approved the re-appointment of Mr. Mahendra N Shah as the MD of IDFC from October 01, 2023 till September 30, 2024 on such terms and conditions as mentioned in the resolution set out in item no. 3.

Mr. Mahendra N Shah has confirmed that he satisfies the conditions provided under Part I of Schedule V to the Companies Act, 2013 and is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 and has consented to act as Director of the company. He is not debarred from holding office of Director by virtue of any SEBI order or any other authority.

The profile of Mr. Mahendra N Shah in terms of the Secretarial Standards on General Meetings (SS-2) issued by the Institute of Company Secretaries of India and details of his remuneration last drawn have been provided in the Exhibit to this Notice.

This resolution for re-appointment of Mr. Shah is a separate Resolution and is in addition to the Resolution No. 4 for approving his remuneration.

Mr. Mahendra N Shah is a qualified professional and is not related to any Director / major Shareholder.

Except Mr. Mahendra N Shah, none of the Directors or Key Managerial Personnel and / or their relatives, are in any way, financial or otherwise, interested or concerned in this resolution.

The Board of Directors recommend passing of **Ordinary Resolution** as set out in Item No. 3 for approval of the Shareholders.

#### Item no. 4

Pursuant to Section 197 of the Companies Act, 2013 (the Act), the total managerial remuneration payable by a public company, to its Directors, including Managing Director and Whole Time Director, and its Manager in respect of any financial year, shall not exceed 11% of net profits of that Company for that financial year computed as per provisions of Section 198 of the Act, as detailed hereunder:

# NOTICE (continued)

## A. To Managing Director / Whole-time Director / Manager:

Condition	Maximum Remuneration in any financial year
Company with one Managing Director (MD)/ Whole-time Director (WTD)/ Manager	5% of the net profits of the company.
Company with more than one MD/WTD/ Manager	10% of the net profits of the company.

## B. To other Directors who are neither Managing Directors nor Whole-time Directors:

Condition	Maximum Remuneration in any financial year
If there is a MD/WTD/Manager	1% of the net profits of the company.
If there is no MD/WTD/Manager	3% of the net profits of the company.

As per the Companies (Amendment) Act, 2017, w.e.f. 12th September 2018, the companies may pay remuneration exceeding the aforesaid limit of 11%, subject to the provisions of Schedule V to the Act, as well as other above limits, with the approval of the members of the Company in general meeting by way of Special Resolution.

The Shareholders of the Company, at its 25th AGM held on September 27, 2022, appointed Mr. Mahendra N Shah (DIN: 00124629) as the Managing Director with effect from October 01, 2022 till September 30, 2023. The term of Mr. Mahendra N Shah will expire on September 30, 2023. Mr. Mahendra N Shah took over the charge as MD after resignation of Mr. Sunil Kakar. He has been able to execute the strategic plans of the Company as decided by the Board and shareholders. The Company needs to unlock the value for shareholders of IDFC and to do corporate restructuring as per the directions / approvals of the regulatory authority. Mr. Shah has a key role for proposed restructuring. The shareholders had approved the variable pay to Mr. Shah not exceeding 50% of fixed remuneration CTC. Considering his performance, Nomination and Remuneration Committee ("NRC") and the Board at its meeting held on April 18, 2023 and May 04, 2023 respectively considered and approved Rs. 2 crore as variable pay for FY 2022-23 subject to approval of the Shareholders at the ensuing AGM. It was also agreed that his variable pay for FY 2023-24 will be decided by NRC and the Board.

Based on above facts, the NRC recommended the remuneration payable to the Managing Director w.e.f. October 01, 2023 till September 30, 2024. Considering the recommendation of the NRC, subject to approval of the shareholders at this meeting, the Board of Directors of the Company, at its meeting held on July 17, 2023 approved the re-appointment of Mr. Mahendra N Shah as the MD of IDFC Limited from October 01, 2023 till September 30, 2024 and his remuneration on such terms and conditions as mentioned in the resolution set out in item no. 3 and 4.

The Company is only a Holding / Investment Company and does not have any business / operations. The strategic plan for the company is to simplify the corporate structure and unlock value for the shareholders. In the process, the Company may / may not have adequate profits for each financial year. Accordingly, approval of the shareholders is sought by way of special resolution so that,

in case the Company has no profits or inadequate profits at the end of any financial year, the remuneration as decided by the Board or any Committee thereof from time to time, may be paid to Mr. Mahendra N Shah as per the provisions of the Companies Act, 2013 read with the applicable provisions of Schedule V of the Companies Act, 2013 and Rules made thereunder from time to time.

## Disclosures pursuant to Schedule V Part II, Section II clause (B) of the Companies Act 2013

- I. General information:
  - (1) Nature of industry - NBFC-IC
  - (2) Date or expected date of commencement of commercial production - Not Applicable
  - (3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus - Not Applicable
  - (4) Financial performance based on given indicators - Refer Boards Report
  - (5) Foreign investments or collaborations, if any - Not Applicable
- II. Information about the appointee:
  - (1) Background details - Refer detailed profile in Exhibit to Notice
  - (2) Past remuneration - Refer detailed remuneration in Exhibit to Notice
  - (3) Recognition or awards - Refer detailed profile in Exhibit to Notice
  - (4) Job profile and his suitability - Refer Exhibit to Notice
  - (5) Remuneration proposed - Refer Exhibit to Notice
  - (6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin) - IDFC is listed entity without any Promoter and GOI is single largest Shareholder. As on date, it is in process of corporate simplification to unlock the value for its Shareholder. Therefore, being special case there are no comparative numbers available.
  - (7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel 15[or other director], if any - Not Applicable
- III. Other information:
  - (1) Reasons of loss or inadequate profits - The Company is in the process of Corporate Restructuring Mode and does not have any business activity
  - (2) Steps taken or proposed to be taken for improvement - Not Applicable
  - (3) Expected increase in productivity and profits in measurable terms - Not Applicable

The profile of Mr. Mahendra N Shah in terms of the Secretarial Standards on General Meetings (SS-2) issued by the Institute of Company Secretaries of India and details of his remuneration last drawn have been provided in the Exhibit to this Notice.

Mr. Mahendra N Shah is a qualified professional and is not related to any Director / major Shareholder. Except Mr. Mahendra N Shah, none of the Directors or Key

# NOTICE (continued)

Managerial Personnel and / or their relatives, are in any way, financial or otherwise, interested or concerned in this resolution.

The Board of Directors recommend passing of a **Special Resolution** as set out in Item No. 4 for approval of the Shareholders.

## Item no. 5

Based on the recommendation of the Nomination and Remuneration Committee ("NRC") the Board of Directors of IDFC Limited ("IDFC") or ("the Company") at its meeting held on July 17, 2023 approved the appointment of Mr. Bipin Gemani (DIN: 07816126) as the Whole Time Director and Chief Financial Officer of IDFC Limited from July 17, 2023 till September 30, 2024.

Mr. Bipin Gemani is working with IDFC Limited since 1997 and currently holds position of Chief Financial Officer of the Company. He is incharge of the entire finance, accounting, taxation and regulatory reporting and also plays a key role in simplifying corporate structure of IDFC Limited to unlock value for shareholder. He has over 40 years of work experice.

The Board of Directors of IDFC FHCL, IDFC and IDFC FIRST Bank approved the scheme of amalgamation of IDFC FHCL and IDFC with IDFC FIRST Bank whereby IDFC shareholders would be issued 155 equity shares of IDFC FIRST Bank for every 100 equity shares of IDFC held by them. The amalgamation is subject to getting all regulatory and other approvals including from NCLT Chennai. The whole process may take further 9 to 12 months.

Most of the non-core entities / investments / assets of the IDFC Group have been disinvested between October 2022 till March 2023, as per the details below:

Sr. No.	Sale of business / assets	Completed
1.	Detachment of IDFC Foundation along with i.e. Delhi Integrated Multi-Modal Transit System Limited (DIMTS) & Infrastructure Development Corporation (Karnataka) Limited (IDeCK)	October 2022
2.	Sale of equity shares held in Novopay Solutions Pvt. Ltd.	October 2022 & March 2023
3.	Merger of three wholly owned subsidiaries i.e. IDFC Alternatives Limited, IDFC Projects Limited and IDFC Trustee Company Limited with IDFC Limited	November 2022
4.	Sale of IDFC Asset Management Company (AMC) and IDFC AMC Trustee Company to Bandhan Consortium	January 31, 2023
<b>Others</b>		
1.	Special dividend to IDFC shareholders at Rs.11/- per share	February 2023
2.	Subscribed to Preferential offer made by IDFC FIRST Bank ("Bank") to increase IDFC holding in Bank to 39.99%	February- March 2023

Sr. No.	Sale of business / assets	Completed
3.	Scheme of Amalgamation between IDFC Financial Holding Company Limited, IDFC Limited and IDFC FIRST Bank Limited	July 03, 2023

Based on the recommendation of the NRC and subject to approval of the shareholders at this meeting, the Board of Directors of the Company, at its meeting held on July 17, 2023 approved the appointment of Mr. Bipin Gemani as the Whole Time Director and Chief Financial Officer of IDFC from July 17, 2023 till September 30, 2024 on such terms and conditions as mentioned in the resolution set out in item no. 5.

Mr. Bipin Gemani has confirmed that he satisfies the conditions provided under Part I of Schedule V to the Companies Act, 2013 and is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 and has consented to act as Director of the company. He is not debarred from holding office of Director by virtue of any SEBI order or any other authority.

The profile of Mr. Bipin Gemani in terms of the Secretarial Standards on General Meetings (SS-2) issued by the Institute of Company Secretaries of India and details of his remuneration last drawn have been provided in the Exhibit to this Notice.

This resolution for appointment of Mr. Bipin Gemani is a separate Resolution and is in addition to the Resolution No. 6 for approving his remuneration.

Mr. Bipin Gemani is a qualified professional and is not related to any Director / major Shareholder.

Except Mr. Bipin Gemani, none of the Directors or Key Managerial Personnel and / or their relatives, are in any way, financial or otherwise, interested or concerned in this resolution.

The Board of Directors recommend passing of **Ordinary Resolution** as set out in Item No. 5 for approval of the Shareholders.

## Item no. 6

Pursuant to Section 197 of the Companies Act, 2013 (the Act), the total managerial remuneration payable by a public company, to its Directors, including Managing Director and Whole-time Director, and its Manager in respect of any financial year, shall not exceed 11% of net profits of that Company for that financial year computed as per provisions of Section 198 of the Act, as detailed hereunder:

### A. To Managing Director / Whole-time Director / Manager:

Condition	Maximum Remuneration in any financial year
Company with one Managing Director (MD)/ Whole-time Director (WTD)/ Manager	5% of the net profits of the company.
Company with more than one MD/WTD/ Manager	10% of the net profits of the company.

# NOTICE (continued)

## B. To other Directors who are neither Managing Directors nor Whole-time Directors:

Condition	Maximum Remuneration in any financial year
If there is a MD/WTD/Manager	1% of the net profits of the company.
If there is no MD/WTD/Manager	3% of the net profits of the company.

As per the Companies (Amendment) Act, 2017, w.e.f. 12th September 2018, the companies may pay remuneration exceeding the aforesaid limit of 11%, subject to the provisions of Schedule V to the Act, as well as other above limits, with the approval of the members of the Company in general meeting by way of Special Resolution.

Based on above facts, the NRC recommended the remuneration payable to the Whole Time Director and Chief Financial Officer w.e.f. July 17, 2023 till September 30, 2024. Considering the recommendation of the NRC, subject to approval of the shareholders at this meeting, the Board of Directors of the Company, at its meeting held on July 17, 2023 approved the appointment of Mr. Bipin Gemani as the Whole Time Director and Chief Financial Officer of IDFC Limited from July 17, 2023 till September 30, 2024 and his remuneration on such terms and conditions as mentioned in the resolution set out in item no. 5 and 6.

The Company is only a Holding / Investment Company and does not have any business / operations. The strategic plan for the company is to simplify the corporate structure and unlock value for the shareholders. In the process, the Company may / may not have adequate profits for each financial year. Accordingly, approval of the shareholders is sought by way of special resolution so that, in case the Company has no profits or inadequate profits at the end of any financial year, the remuneration as decided by the Board or any Committee thereof from time to time, may be paid to Mr. Bipin Gemani as per the provisions of the Companies Act, 2013 read with the applicable provisions of Schedule V of the Companies Act, 2013 and Rules made thereunder from time to time.

### Disclosures pursuant to Schedule V Part II, Section II clause (B) of the Companies Act 2013

- I. General information:
  - (1) Nature of industry - NBFC-IC
  - (2) Date or expected date of commencement of commercial production - Not Applicable
  - (3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus - Not Applicable
  - (4) Financial performance based on given indicators - Refer Boards Report
  - (5) Foreign investments or collaborations, if any - Not Applicable
- II. Information about the appointee:
  - (1) Background details - Refer detailed profile in Exhibit to Notice
  - (2) Past remuneration - Refer detailed remuneration in Exhibit to Notice
  - (3) Recognition or awards - Refer detailed profile in Exhibit to Notice

- (4) Job profile and his suitability - Refer Exhibit to Notice
- (5) Remuneration proposed - Refer Exhibit to Notice
- (6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin) - IDFC is listed entity without any Promoter and GOI is single largest Shareholder. As on date, it is in process of corporate simplification to unlock the value for its Shareholder. Therefore, being special case there are no comparative numbers available.
- (7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel 15[or other director], if any - Not Applicable

### III. Other information:

- (1) Reasons of loss or inadequate profits - The Company is in the process of Corporate Restructuring Mode and does not have any business activity
- (2) Steps taken or proposed to be taken for improvement - Not Applicable
- (3) Expected increase in productivity and profits in measurable terms - Not Applicable

The profile of Mr. Bipin Gemani in terms of the Secretarial Standards on General Meetings (SS-2) issued by the Institute of Company Secretaries of India and details of his remuneration last drawn have been provided in the Exhibit to this Notice.

Mr. Bipin N Gemani is a qualified professional and is not related to any Director / major Shareholder.

Except Mr. Bipin N Gemani, none of the Directors or Key Managerial Personnel and / or their relatives, are in any way, financial or otherwise, interested or concerned in this resolution.

The Board of Directors recommend passing of a **Special Resolution** as set out in Item No. 6 for approval of the Shareholders.

By order of the Board of Directors

Mumbai | July 17, 2023

**Shivangi Mistry**  
Company Secretary

# NOTICE (continued)

## EXHIBIT TO NOTICE

Pursuant to Regulation 36(3) of SEBI LODR Regulations, following information is furnished in respect of  
Directors proposed to be appointed / reappointed.

Name of the Director	Mr. Mahendra N. Shah		
DIN	00124629		
Date of Birth	November 7, 1958		
Age	64 years		
Date of First Appointment	October 01, 2022		
Date of Re-appointment	October 01, 2023		
Detailed Profile including Skills and Capabilities & Qualifications	<p>Mr. Mahendra N. Shah was the Group Company Secretary &amp; Group Chief Compliance Officer of IDFC Bank Limited and has been the Group Head - Governance, Compliance &amp; Secretarial and Senior Advisor- Taxation at IDFC Limited for more than two decades. In this role, Mr. Shah has been responsible for Secretarial, Governance and Compliance function for over 26 companies/entities of IDFC Group. Currently he was Company Secretary &amp; Compliance Officer of IDFC Limited since May 24, 2019. Mr. Mahendra N Shah is the Managing Director of IDFC Limited w.e.f. October 01, 2023.</p> <p>Prior to joining IDFC in 2001, Mr. Shah worked with International Paper Limited for a period of six years as Director Finance and Company Secretary where he was in charge of finance function and regulatory compliances. Mr. Shah has worked as Head of Taxation in SKF Bearings India Limited where he was responsible for Direct and Indirect Taxation matters of the Company across India. He also worked for a short period with Pfizer Ltd as Finance Officer. He has been the Managing Director of IDFC Limited since October 01, 2022.</p> <p>He completed his CA article ship training for 3 years with M/s. Bansi S. Mehta &amp; Co, CA.</p> <p>He has extensive work experience on Governance, Compliances, Accounts, Taxation &amp; Regulatory matters.</p> <p>He is a qualified member of the Institute of Chartered Accountants of India (ICAI), the Institute of Cost &amp; Management Accountants of India (ICWA) and the Institute of Company Secretaries of India (ICSI).</p>		
Nature of expertise in specific functional area	He has extensive work experience on Governance, Compliances, Accounts, Taxation & Regulatory matters.		
No. of Board Meetings attended during 2022-23 / since appointment	7/7		
Directorships held in all other companies	1. Surekha Properties Limited		
Memberships ("M")/ Chairmanships ("C") of Committees of the Board of all companies	IDFC Limited 1. Allotment and Share Transfer Committee - Member		
Listed Entities from which the person has resigned in the past three years	None		
Number of Equity Shares held in the Company	12,00,100 (Twelve Lakh One Hundred)		
Inter-se relationship with other Directors / KMP	No relationship with any Director / KMP. Mr. Mahendra N Shah is a qualified professional and is not related to any Director / major Shareholder.		
Details of Remuneration sought to be paid	Refer resolution mentioned in the Notice which forms part of this annual report and as per details below		
Remuneration last drawn by the Director (CTC) / Terms & Condition of appointment/re-appointment	(Amount in Rupees)		
		Remuneration last drawn in capacity as Managing Director	Remuneration proposed
	Basic Salary	1,20,00,000	1,20,00,000
	House Rent Allowance	30,00,000	30,00,000
	Car related expenses	13,53,672	-
	Provident Fund Contribution	14,40,000	14,40,000
	National Pension Scheme	12,00,000	12,00,000
	Gratuity	9,99,600	9,99,600
	Other allowances	6,728	13,60,400
	Gross CTC	2,00,00,000	2,00,00,000
Variable Pay	Restricted to 50% of Fixed Remuneration	Upto 100% of Fixed Remuneration	

# NOTICE (continued)

## EXHIBIT TO NOTICE

Pursuant to Regulation 36(3) of SEBI LODR Regulations, following information is furnished in respect of Directors proposed to be appointed / reappointed.

<b>Name of the Director</b>	<b>Mr. Bipin Gemani</b>		
DIN	07816126		
Date of Birth	November 27, 1958		
Age	64 years		
Date of First Appointment	July 17, 2023		
Date of Re-appointment	-		
Detailed Profile including Skills and Capabilities & Qualifications	<p>Mr. Bipin Gemani was CFO of IDFC Bank Limited. He joined IDFC Limited in 1997 and was a Group Director - Finance. In this role, he was responsible for Finance &amp; Accounts and Taxation. Prior to joining IDFC, Mr. Gemani worked with Atlas Copco (India) Limited as GM Finance for 9 years.</p> <p>Mr. Gemani is qualified Chartered Accountant from the Institute of Chartered Accountants of India having membership no. 35735. Mr. Gemani has overall work experience of over 40 years in field of Finance &amp; Accounts.</p> <p>Mr. Gemani is working with IDFC for more than 25 years and has been actively involved in building of IDFC as a financial conglomerate, creation of IDFC Bank and finally dismantling the complex corporate structure to unlock value for IDFC shareholders.</p>		
Nature of expertise in specific functional area	He has extensive work experience in fields of accounting, taxation and corporate restructuring.		
No. of Board Meetings attended during 2022-23 / since appointment	None		
Directorships held in all other companies	<ol style="list-style-type: none"> <li>1. Jetpur Somnath Tollways Private Limited</li> <li>2. Uniquest Infra Ventures Private Limited</li> <li>3. Novopay Solutions Private Limited</li> </ol>		
Memberships ("M")/ Chairmanships ("C") of Committees of the Board of all companies	None		
Listed Entities from which the person has resigned in the past three years	None		
Number of Equity Shares held in the Company	19,05,196 (Nineteen Lakhs Five Thousand One Hundred and Ninetysix)		
Inter-se relationship with other Directors / KMP	No relationship with any Director / KMP. Mr. Bipin Gemani is a qualified professional and is not related to any Director / major Shareholder.		
Details of Remuneration sought to be paid	Refer resolution mentioned in the Notice which forms part of this annual report and as per details below		
Remuneration last drawn by the Director (CTC) / Terms & Condition of appointment/re-appointment	(Amount in Rupees)		
		Remuneration last drawn in capacity as Chief Financial Officer	Remuneration proposed
	Basic Salary	80,00,000	80,00,000
	House Rent Allowance	40,00,000	40,00,000
	Provident Fund Contribution	9,60,000	9,60,000
	National Pension Scheme	5,00,724	5,00,724
	Gratuity	6,66,400	6,66,400
	Special allowances	58,72,876	58,72,876
	Gross CTC	2,00,00,000	2,00,00,000
Variable Pay	1,00,00,000	Upto 100% of Fixed Remuneration	







# NOTES

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**IDFC LIMITED**

[www.idfclimited.com](http://www.idfclimited.com)  
[info@idfclimited.com](mailto:info@idfclimited.com)

**REGISTERED OFFICE**

Capitale Tower, 4th Flr.,  
555 Anna Salai,  
Thiru Vi Ka Kudiyiruppu,  
Teynampet,  
Chennai - 600 018  
TEL:+91 (44) 4564 4201 / 4202 / 4223

**CORPORATE OFFICE**

906/907, Embassy Centre,  
9th Floor,  
Jamnalal Bajaj Road,  
Nariman Point,  
Mumbai - 400 021  
TEL:+91 (22) 2282 1549

	IDFC LIMITED
Date of the AGM/EGM	17-08-2023
Total number of shareholders on record date	553042
No. of shareholders present in the meeting either in person or through proxy:	
Promoters and Promoter Group:	Not Applicable
Public:	Not Applicable
No. of Shareholders attended the meeting through Video Conferencing	
Promoters and Promoter Group:	0
Public:	53

Resolution No.	1									
Resolution required: (Ordinary/ Special)	ORDINARY - 1. To consider and adopt: a. the audited standalone financial statements of the Company for the financial year ended March 31, 2023 and the Reports of 1. To consider and adopt: a. the audited standalone financial statements of the Company for the financial year ended March 31, 2023 and the Reports of the Board of Directors and the Auditors thereon; and b. the audited consolidated financial statements of the Company for the financial year ended March 31, 2023 and the Report of the Auditors thereon.									
Whether promoter/ promoter group are interested in the agenda/resolution?	Yes									
Category	Mode of Voting	No. of shares held (1)	No. of votes polled (2)	% of Votes Polled on outstanding shares (3)=[(2)/(1)]* 100	No. of Votes – in favour (4)	No. of Votes – against (5)	% of Votes in favour on votes polled (6)=[(4)/(2)]*100	% of Votes against on votes polled (7)=[(5)/(2)]*100	Votes Invalid	Votes Abstained
Promoter and Promoter Group	E-Voting	0	0	0.0000	0	0	0.0000	0.0000	0	0
	Poll		0	0.0000	0	0	0.0000	0.0000	0	0
	Postal Ballot (if applicable)		0	0.0000	0	0	0.0000	0.0000	0	0
	<b>Total</b>		<b>0</b>	<b>0.0000</b>	<b>0</b>	<b>0</b>	<b>0.0000</b>	<b>0.0000</b>	<b>0</b>	<b>0</b>
Public- Institutions	E-Voting	70,60,32,157	49,79,88,879	70.5335	49,79,88,879	0	100.0000	0.0000	0	23,64,082
	Poll		0	0.0000	0	0	0.0000	0.0000	0	0
	Postal Ballot (if applicable)		0	0.0000	0	0	0.0000	0.0000	0	0
	<b>Total</b>		<b>49,79,88,879</b>	<b>70.5335</b>	<b>49,79,88,879</b>	<b>0</b>	<b>100.0000</b>	<b>0.0000</b>	<b>0</b>	<b>2364082</b>
Public- Non Institutions	E-Voting	89,39,52,279	40,42,72,010	45.2230	40,42,53,911	18,099	99.9955	0.0044	0	2,374
	Poll		34,07,037	0.3811	34,07,035	2	99.9999	0.0000	0	0
	Postal Ballot (if applicable)		0	0.0000	0	0	0.0000	0.0000	0	0
	<b>Total</b>		<b>40,76,79,047</b>	<b>45.6041</b>	<b>40,76,60,946</b>	<b>18,101</b>	<b>99.9956</b>	<b>0.0044</b>	<b>0</b>	<b>2374</b>
<b>Total</b>	<b>1,59,99,84,436</b>	<b>90,56,67,926</b>	<b>56.6048</b>	<b>90,56,49,825</b>	<b>18,101</b>	<b>99.9980</b>	<b>0.0020</b>	<b>0</b>	<b>2366456</b>	



For IDFC Limited

  
 Shivangi Mistry  
 Company Secretary

Resolution No.	2									
Resolution required: (Ordinary/ Special)	ORDINARY - To appoint a Director in place of Mr. Mahendra N Shah (DIN: 00124629), who retires by rotation and being eligible, offers himself for reappointment.									
Whether promoter/ promoter group are interested in the agenda/resolution?	Yes									
Category	Mode of Voting	No. of shares held (1)	No. of votes polled (2)	% of Votes Polled on outstanding shares (3)=[(2)/(1)]* 100	No. of Votes – in favour (4)	No. of Votes – against (5)	% of Votes in favour on votes polled (6)=[(4)/(2)]*100	% of Votes against on votes polled (7)=[(5)/(2)]*100	Votes Invalid	Votes Abstained
Promoter and Promoter Group	E-Voting	0	0	0.0000	0	0	0.0000	0.0000	0	0
	Poll		0	0.0000	0	0	0.0000	0.0000	0	0
	Postal Ballot (if applicable)		0	0.0000	0	0	0.0000	0.0000	0	0
	<b>Total</b>		<b>0</b>	<b>0.0000</b>	<b>0</b>	<b>0</b>	<b>0.0000</b>	<b>0.0000</b>	<b>0</b>	<b>0</b>
Public- Institutions	E-Voting	70,60,32,157	50,03,52,961	70.8683	50,03,52,961	0	100.0000	0.0000	0	0
	Poll		0	0.0000	0	0	0.0000	0.0000	0	0
	Postal Ballot (if applicable)		0	0.0000	0	0	0.0000	0.0000	0	0
	<b>Total</b>		<b>50,03,52,961</b>	<b>70.8683</b>	<b>50,03,52,961</b>	<b>0</b>	<b>100.0000</b>	<b>0.0000</b>	<b>0</b>	<b>0</b>
Public- Non Institutions	E-Voting	89,39,52,279	40,42,52,103	45.2208	40,41,85,719	66,384	99.9835	0.0164	0	22,281
	Poll		34,07,037	0.3811	34,07,035	2	99.9999	0.0000	0	0
	Postal Ballot (if applicable)		0	0.0000	0	0	0.0000	0.0000	0	0
	<b>Total</b>		<b>40,76,59,140</b>	<b>45.6019</b>	<b>40,75,92,754</b>	<b>66,386</b>	<b>99.9837</b>	<b>0.0163</b>	<b>0</b>	<b>22281</b>
<b>Total</b>	<b>1,59,99,84,436</b>	<b>90,80,12,101</b>	<b>56.7513</b>	<b>90,79,45,715</b>	<b>66,386</b>	<b>99.9927</b>	<b>0.0073</b>	<b>0</b>	<b>22281</b>	



For IDFC Limited

*Shivangi*  
Shivangi Mistry  
Company Secretary

Resolution No.	3									
Resolution required: (Ordinary/ Special)	ORDINARY - Reappointment of Mr. Mahendra N Shah as the Managing Director									
Whether promoter/ promoter group are Interested in the agenda/resolution?	Yes									
Category	Mode of Voting	No. of shares held (1)	No. of votes polled (2)	% of Votes Polled on outstanding shares (3)=[(2)/(1)]* 100	No. of Votes – in favour (4)	No. of Votes – against (5)	% of Votes in favour on votes polled (6)=[(4)/(2)]*100	% of Votes against on votes polled (7)=[(5)/(2)]*100	Votes Invalid	Votes Abstained
Promoter and Promoter Group	E-Voting	0	0	0.0000	0	0	0.0000	0.0000	0	0
	Poll		0	0.0000	0	0	0.0000	0.0000	0	0
	Postal Ballot (if applicable)		0	0.0000	0	0	0.0000	0.0000	0	0
	<b>Total</b>		<b>0</b>	<b>0.0000</b>	<b>0</b>	<b>0</b>	<b>0.0000</b>	<b>0.0000</b>	<b>0</b>	<b>0</b>
Public- Institutions	E-Voting	70,60,32,157	50,03,52,961	70.8683	50,03,52,961	0	100.0000	0.0000	0	0
	Poll		0	0.0000	0	0	0.0000	0.0000	0	0
	Postal Ballot (if applicable)		0	0.0000	0	0	0.0000	0.0000	0	0
	<b>Total</b>		<b>50,03,52,961</b>	<b>70.8683</b>	<b>50,03,52,961</b>	<b>0</b>	<b>100.0000</b>	<b>0.0000</b>	<b>0</b>	<b>0</b>
Public- Non Institutions	E-Voting	89,39,52,279	40,42,70,272	45.2228	40,42,03,861	66,411	99.9835	0.0164	0	4,106
	Poll		34,07,037	0.3811	34,07,035	2	99.9999	0.0000	0	0
	Postal Ballot (if applicable)		0	0.0000	0	0	0.0000	0.0000	0	0
	<b>Total</b>		<b>40,76,77,309</b>	<b>45.6039</b>	<b>40,76,10,896</b>	<b>66,413</b>	<b>99.9837</b>	<b>0.0163</b>	<b>0</b>	<b>4106</b>
<b>Total</b>	<b>1,59,99,84,436</b>	<b>90,80,30,270</b>	<b>56.7524</b>	<b>90,79,63,857</b>	<b>66,413</b>	<b>99.9927</b>	<b>0.0073</b>	<b>0</b>	<b>4106</b>	



For IDFC Limited

*Shivangi Mistry*  
Shivangi Mistry  
Company Secretary

Resolution No.	4									
Resolution required: (Ordinary/ Special)	SPECIAL - Payment of the remuneration to Mr. Mahendra N Shah as the Managing Director									
Whether promoter/ promoter group are interested in the agenda/resolution?	Yes									
Category	Mode of Voting	No. of shares held (1)	No. of votes polled (2)	% of Votes Polled on outstanding shares (3)=[(2)/(1)]* 100	No. of Votes – in favour (4)	No. of Votes – against (5)	% of Votes in favour on votes polled (6)=[(4)/(2)]*100	% of Votes against on votes polled (7)=[(5)/(2)]*100	Votes Invalid	Votes Abstained
Promoter and Promoter Group	E-Voting	0	0	0.0000	0	0	0.0000	0.0000	0	0
	Poll		0	0.0000	0	0	0.0000	0.0000	0	0
	Postal Ballot (if applicable)		0	0.0000	0	0	0.0000	0.0000	0	0
	<b>Total</b>		<b>0</b>	<b>0.0000</b>	<b>0</b>	<b>0</b>	<b>0.0000</b>	<b>0.0000</b>	<b>0</b>	<b>0</b>
Public- Institutions	E-Voting	70,60,32,157	50,03,52,961	70.8683	50,01,78,801	1,74,160	99.9651	0.0348	0	0
	Poll		0	0.0000	0	0	0.0000	0.0000	0	0
	Postal Ballot (if applicable)		0	0.0000	0	0	0.0000	0.0000	0	0
	<b>Total</b>		<b>50,03,52,961</b>	<b>70.8683</b>	<b>50,01,78,801</b>	<b>1,74,160</b>	<b>99.9652</b>	<b>0.0348</b>	<b>0</b>	<b>0</b>
Public- Non Institutions	E-Voting	89,39,52,279	40,42,66,820	45.2224	40,41,81,813	85,007	99.9789	0.0210	0	7,588
	Poll		34,07,037	0.3811	34,07,035	2	99.9999	0.0000	0	0
	Postal Ballot (if applicable)		0	0.0000	0	0	0.0000	0.0000	0	0
	<b>Total</b>		<b>40,76,73,857</b>	<b>45.6035</b>	<b>40,75,88,848</b>	<b>85,009</b>	<b>99.9791</b>	<b>0.0209</b>	<b>0</b>	<b>7588</b>
<b>Total</b>	<b>1,59,99,84,436</b>	<b>90,80,26,818</b>	<b>56.7522</b>	<b>90,77,67,649</b>	<b>2,59,169</b>	<b>99.9715</b>	<b>0.0285</b>	<b>0</b>	<b>7588</b>	



For IDFC Limited

Shivangi Mistry  
Company Secretary



Resolution No.	5									
Resolution required: (Ordinary/ Special)	ORDINARY - Appointment of Mr. Bipin Gemani as the Whole Time Director and Chief Financial Officer									
Whether promoter/ promoter group are interested in the agenda/resolution?	Yes									
Category	Mode of Voting	No. of shares held (1)	No. of votes polled (2)	% of Votes Polled on outstanding shares (3)=[(2)/(1)]* 100	No. of Votes – in favour (4)	No. of Votes – against (5)	% of Votes in favour on votes polled (6)=[(4)/(2)]*100	% of Votes against on votes polled (7)=[(5)/(2)]*100	Votes Invalid	Votes Abstained
Promoter and Promoter Group	E-Voting	0	0	0.0000	0	0	0.0000	0.0000	0	0
	Poll		0	0.0000	0	0	0.0000	0.0000	0	0
	Postal Ballot (if applicable)		0	0.0000	0	0	0.0000	0.0000	0	0
	<b>Total</b>		<b>0</b>	<b>0.0000</b>	<b>0</b>	<b>0</b>	<b>0.0000</b>	<b>0.0000</b>	<b>0</b>	<b>0</b>
Public- Institutions	E-Voting	70,60,32,157	50,03,52,961	70.8683	50,03,52,961	0	100.0000	0.0000	0	0
	Poll		0	0.0000	0	0	0.0000	0.0000	0	0
	Postal Ballot (if applicable)		0	0.0000	0	0	0.0000	0.0000	0	0
	<b>Total</b>		<b>50,03,52,961</b>	<b>70.8683</b>	<b>50,03,52,961</b>	<b>0</b>	<b>100.0000</b>	<b>0.0000</b>	<b>0</b>	<b>0</b>
Public- Non Institutions	E-Voting	89,39,52,279	40,42,67,287	45.2225	40,42,50,219	17,068	99.9957	0.0042	0	7,097
	Poll		34,07,037	0.3811	34,07,035	2	99.9999	0.0000	0	0
	Postal Ballot (if applicable)		0	0.0000	0	0	0.0000	0.0000	0	0
	<b>Total</b>		<b>40,76,74,324</b>	<b>45.6036</b>	<b>40,76,57,254</b>	<b>17,070</b>	<b>99.9958</b>	<b>0.0042</b>	<b>0</b>	<b>7097</b>
<b>Total</b>	<b>1,59,99,84,436</b>	<b>90,80,27,285</b>	<b>56.7523</b>	<b>90,80,10,215</b>	<b>17,070</b>	<b>99.9981</b>	<b>0.0019</b>	<b>0</b>	<b>7097</b>	



For IDFC Limited

*Shivangi*  
Shivangi Mistry  
Company Secretary

Resolution No.	6									
Resolution required: (Ordinary/ Special)	SPECIAL - Payment of Remuneration to to Mr. Bipin Gemani, whole-time director and chief financial officer of the company									
Whether promoter/ promoter group are interested in the agenda/resolution?	Yes									
Category	Mode of Voting	No. of shares held (1)	No. of votes polled (2)	% of Votes Polled on outstanding shares (3)=[(2)/(1)]* 100	No. of Votes – in favour (4)	No. of Votes – against (5)	% of Votes in favour on votes polled (6)=[(4)/(2)]*100	% of Votes against on votes polled (7)=[(5)/(2)]*100	Votes Invalid	Votes Abstained
Promoter and Promoter Group	E-Voting	0	0	0.0000	0	0	0.0000	0.0000	0	0
	Poll		0	0.0000	0	0	0.0000	0.0000	0	0
	Postal Ballot (if applicable)		0	0.0000	0	0	0.0000	0.0000	0	0
	<b>Total</b>		<b>0</b>	<b>0.0000</b>	<b>0</b>	<b>0</b>	<b>0.0000</b>	<b>0.0000</b>	<b>0</b>	<b>0</b>
Public- Institutions	E-Voting	70,60,32,157	50,03,52,961	70.8683	50,01,78,801	1,74,160	99.9651	0.0348	0	0
	Poll		0	0.0000	0	0	0.0000	0.0000	0	0
	Postal Ballot (if applicable)		0	0.0000	0	0	0.0000	0.0000	0	0
	<b>Total</b>		<b>50,03,52,961</b>	<b>70.8683</b>	<b>50,01,78,801</b>	<b>1,74,160</b>	<b>99.9652</b>	<b>0.0348</b>	<b>0</b>	<b>0</b>
Public- Non Institutions	E-Voting	89,39,52,279	40,42,48,480	45.2204	40,41,89,923	58,557	99.9855	0.0144	0	25,899
	Poll		34,07,037	0.3811	34,07,035	2	99.9999	0.0000	0	0
	Postal Ballot (if applicable)		0	0.0000	0	0	0.0000	0.0000	0	0
	<b>Total</b>		<b>40,76,55,517</b>	<b>45.6015</b>	<b>40,75,96,958</b>	<b>58,559</b>	<b>99.9856</b>	<b>0.0144</b>	<b>0</b>	<b>25899</b>
<b>Total</b>		<b>1,59,99,84,436</b>	<b>90,80,08,478</b>	<b>56.7511</b>	<b>90,77,75,759</b>	<b>2,32,719</b>	<b>99.9744</b>	<b>0.0256</b>	<b>0</b>	<b>25899</b>



For IDFC Limited

  
Shivangi Mistry  
Company Secretary