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 2022, 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 2022, 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.

Key Audit Matters

4. 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
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 6 to the standalone financial statements.) The Company has investments in Venture Capital Funds ("VCF") units amounting to ₹116.87 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). 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. 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.	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: • 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. • We verified that requisite approvals are in place with regards to Management's assessment of fair valuation of investments in VCF. • 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. • We evaluated the adequacy of the disclosures in the standalone financial statements. 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.

Other Information

5. 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.

6. Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

7. 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.

Management's responsibility for the Standalone Financial Statements

8. 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.

9. In preparing the Standalone Financial Statements, the management 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

10. 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

11. 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.

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

    12.1. 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.

    12.2. 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.

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

    12.4. 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.

    12.5. 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.

13. 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.

14. 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.

15. 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

16. The comparative financial statements of the Company for the year ended 31 March 2021 included in Standalone Financial Statements, were audited by the then statutory auditors "Price Waterhouse & Co Chartered Accountants LLP" whose audit report dated 14 June 2021 expressed an unmodified opinion on those financial statements. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

17. 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.

18. As required by Section 143(3) of the Act, we report that:

    18.1. 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.

    18.2. 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.

    18.3. 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.

    18.4. In our opinion, the aforesaid Standalone Financial Statements comply with the Ind AS specified under Section 133 of the Act.

    18.5. On the basis of the written representations received from the directors as on 31 March 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022 from being appointed as a director in terms of Section 164(2) of the Act.

    18.6. 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".

    18.7. 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.

19. 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:

    19.1. The Company has disclosed the impact of pending litigations as at 31 March 2022 on its financial position in its Standalone Financial Statements – Refer Note 31 to the Standalone Financial Statements;

    19.2. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

    19.3. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company;

    19.4. The management has represented 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 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. Based on reasonable audit procedures adopted by us, nothing has come to our notice that such representation contains any material misstatement;

    19.5. The management has represented 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. Based on reasonable audit procedures adopted by us, nothing has come to our notice that such representation contains any material misstatement;

19.6. 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.

For Khimji Kunverji & Co LLP
Chartered Accountants
Firm Registration Number: 105146W/W100621

Gautam V Shah
Partner
ICAI Membership No: 117348
UDIN: 22117348AJHJHA9773

Place : Mumbai
Date : May 20, 2022

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

Annexure "A" to the Independent Auditors' report on the Standalone Financial Statements of IDFC Limited for the year ended 31 March 2022. (Referred to in paragraph 17 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 previous 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 to 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) or intangible assets or both 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 are not applicable to the Company.

(b) During the year, the Company has not been sanctioned working capital limits in excess of ₹ 5 crores, in aggregate from banks and financial institutions and accordingly, the question of our commenting on whether the quarterly returns or statements are in agreement with the unaudited books of account of the Company does not arise.

iii. The Company has not made investments in, or provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year. 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. Therefore, the provisions of Clause 3 (iii) (a) to 3 (iii) (f) of the said Order are not applicable to the Company.

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, and any other statutory dues have been regularly deposited by the Company with the appropriate authorities. 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 2022 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 ₹ crore)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income tax demand	23.25	AY 2017-18	Commissioner of Income tax (Appeals)/ National Faceless Appeal Centre
Income Tax Act, 1961	Income tax demand	2.98	AY 2018-19	Commissioner of Income tax (Appeals)/ National Faceless Appeal Centre
Income Tax Act, 1961	Income tax demand	7.86	AY 2018-19	Commissioner of Income tax (Appeals)/ National Faceless Appeal Centre
Income Tax Act, 1961	Income tax demand	0.63	AY 2020-21	Asst. Commissioner of Income tax / National Faceless Assessment Centre

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

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 provisions 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, as the Company has not raised any term loans during the year. Hence, 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 have been raised on short-term basis. Thus, the provisions of Clause 3(ix) (d) of the Order is not applicable to the Company.

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) In our opinion and according to the information and explanations given to us, 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. (a) 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, provisions of section 192 of the Act, 2013 are not applicable to the Company and hence clause 3(xv) of the Order is 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 incurred cash losses in the financial year and in the immediately preceding financial year. The amount of cash loss is ₹ 15.65 crore for the financial year and ₹ 13.07 crore for the immediately preceding financial year.

xviii. During the year, Price Waterhouse & Co Chartered Accountants LLP, the Statutory auditors of the Company have resigned with effect from 22 September 2021 consequent to amended rules/regulations applicable to the Company. (i.e. vide RBI circular dated April 27, 2021). As informed, there have been no issues, objections or concerns raised by the said outgoing auditors.

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.

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

xx. (a) According to the information and explanations given to us and based on our examination of the records of the Company, it is not required to transfer any unspent amount pertaining to the year under report to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub section 5 of section 135 of the said Act.

(b) According to the information and explanations given to us and based on our examination of the records of the Company, there is no amount which is remaining unspent under sub section 5 of section 135 of the Act pursuant to any ongoing CSR project.

For Khimji Kunverji & Co LLP
Chartered Accountants
Firm Registration Number: 105146W/W100621

Gautam V Shah
Partner
ICAI Membership No: 117348
UDIN: 22117348AJHJHA9773

Place : Mumbai
Date : May 20, 2022

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 2022. (Referred to in paragraph 18.6 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.

Opinion

1. We have audited the internal financial controls with reference to the Standalone Financial Statements of IDFC Limited ("the Company") as at 31 March 2022 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 2022, 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.

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 Khimji Kunverji & Co LLP
Chartered Accountants
Firm Registration Number: 105146W/W100621

Gautam V Shah
Partner
ICAI Membership No: 117348
UDIN: 22117348AJHJHA9773

Place : Mumbai
Date : May 20, 2022

BALANCE SHEET

AS AT MARCH 31, 2022

(₹ in crore)

	Notes	As at March 31, 2022	As at March 31, 2021
ASSETS			
Financial assets			
Cash and cash equivalents	3	4.90	2.14
Bank balances other than cash and cash equivalents above	4	1.45	1.85
Receivables			
(i) Trade receivables	5A	-	-
(ii) Other receivables	5B	2.01	-
Investments	6	9,345.01	9,295.27
Other financial assets	7	0.29	0.29
Non-financial assets			
Income tax asset (net)	8	4.50	1.51
Property, plant and equipment	9	0.16	0.23
Other non-financial assets	10	0.19	2.49
Total assets		9,358.51	9,303.78
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Payables			
(I) Othe 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		2.83	1.59
Deposits	12	54.50	35.33
Other financial liabilities	13	3.25	3.65
Non-financial Liabilities			
Income tax liabilities (net)	14	-	0.21
Deferred tax liabilities (net)	15	12.02	0.57
Provisions	16	-	0.17
Other non-financial liabilities	17	1.14	1.16
EQUITY			
Equity share capital	18A	1,596.44	1,596.36
Other equity	18B	7,688.33	7,664.74
Total liabilities and equity		9,358.51	9,303.78

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 Khimji Kunverji & Co LLP
Chartered Accountants
Firm Registration No. 105146W/ W100621

Gautam V Shah
Partner
Membership Number: 117348

Mumbai, May 20, 2022

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

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

Sunil Kakar
Managing Director & CEO
(DIN: 03055561)

Mahendra N. Shah
Company Secretary
(ACS: 4222)

Bipin Gemani
Chief Financial Officer
(PAN: AACPG6412A)

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2022

(₹ in crore)

	Notes	Year ended March 31, 2022	Year ended March 31, 2021
REVENUE FROM OPERATIONS			
Interest income	19	-	0.01
Net gain on fair value changes	20	54.68	7.71
Total revenue from operations		54.68	7.72
Other income	21	3.13	35.20
Total income		57.81	42.92
EXPENSES			
Finance costs	22	4.29	2.59
Employee benefit expenses	23	10.13	8.47
Impairment on financial instruments	24	(0.52)	0.02
Depreciation, amortisation and impairment	9	0.10	1.51
Others expenses	25	12.39	24.75
Total expenses		26.39	37.34
Profit before tax		31.42	5.58
Income tax expense:	26		
- Current tax		-	1.71
- Deferred tax charge / (credit)		11.45	(6.57)
- Tax adjustment on earlier years		(1.98)	1.46
Total tax expense		9.47	(3.40)
Profit for the year		21.95	8.98
Other comprehensive income for the year			
Items that will not be reclassified to profit or loss			
- Remeasurements of post-employment benefit obligations		(0.12)	(0.15)
- Income tax relating to these items		0.03	0.04
Other comprehensive income / (loss), net of tax		(0.09)	(0.11)
Total comprehensive income for the year		21.86	8.87
Earnings per equity share of ₹ 10 each			
- Basic (₹)	30	0.14	0.06
- Diluted (₹)		0.14	0.06

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 Khimji Kunverji & Co LLP
Chartered Accountants
Firm Registration No. 105146W/ W100621

Gautam V Shah
Partner
Membership Number: 117348

Mumbai, May 20, 2022

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

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

Sunil Kakar
Managing Director & CEO
(DIN: 03055561)

Mahendra N. Shah
Company Secretary
(ACS: 4222)

Bipin Gemani
Chief Financial Officer
(PAN: AACPG6412A)

STATEMENT OF CHANGES IN EQUITY

A. EQUITY SHARE CAPITAL

(₹ in crore)

	Notes	Number	Amount
As at March 31, 2020	18A	1,596,358,316	1,596.36
Issued during the year		-	-
As at March 31, 2021	18A	1,596,358,316	1,596.36
Issued during the year		77,626	0.08
As at March 31, 2022	18A	1,596,435,942	1,596.44

B. OTHER EQUITY

(₹ in crore)

	Notes	Reserves and surplus						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	Share option outstanding account	General Reserve	Surplus in the statement of profit and loss	
As at March 31, 2020	18B	2,505.88	3,053.25	995.85	19.12	631.02	454.09	7,659.21
Profit for the year		-	-	-	-	-	8.98	8.98
Other comprehensive income / (loss) for the year		-	-	-	-	-	(0.11)	(0.11)
Total comprehensive income for the year		2,505.88	3,053.25	995.85	19.12	631.02	462.96	7,668.08
Transactions with owners in their capacity as owners:								
- Share based payments:								-
i) Employee stock option expense for the year		-	-	-	-	-	-	-
ii) Options granted to the employees of subsidiaries		-	-	-	-	-	-	-
iii) Options exercised during the year		-	-	-	-	-	-	-
iv) Vested options lapsed during the year		-	-	-	(3.34)	-	-	(3.34)
- Dividends paid		-	-	-	-	-	-	-
- Dividend distribution tax		-	-	-	-	-	-	-
- Transfers to:								
i) Special reserve u/s. 45-IC of the RBI Act, 1934		-	-	1.80	-	-	(1.80)	-
ii) Transfers from Special reserve u/s. 36(1)(viii) of the Income-tax Act, 1961 [see note 19(c) (e)]		-	(411.02)	-	-	-	411.02	-
As at March 31, 2021	18B	2,505.88	2,642.23	997.65	15.78	631.02	872.18	7,664.74

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	Share option outstanding account	General Reserve	Surplus in the statement of profit and loss	Total other equity
As at March 31, 2021	18B	2,505.88	2,642.23	997.65	15.78	631.02	872.18	7,664.74
Profit for the year		-	-	-	-	-	21.95	21.95
Other comprehensive income / (loss) for the year		-	-	-	-	-	(0.09)	(0.09)
Total comprehensive income for the year		2,505.88	2,642.23	997.65	15.78	631.02	894.04	7,686.61
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)	-
As at March 31, 2022	18B	2,506.19	2,642.23	1,002.04	6.75	641.47	889.65	7,688.33

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 Khimji Kunverji & Co LLP
Chartered Accountants
Firm Registration No. 105146W/ W100621

Gautam V Shah
Partner
Membership Number: 117348

Mumbai, May 20, 2022

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

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

Sunil Kakar
Managing Director & CEO
(DIN: 03055561)

Mahendra N. Shah
Company Secretary
(ACS: 4222)

Bipin Gemani
Chief Financial Officer
(PAN: AACPG6412A)

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED MARCH 31, 2022

(₹ in crore)

	Notes	Year ended March 31, 2022	Year ended March 31, 2021
CASH FLOW FROM OPERATING ACTIVITIES :			
Profit before tax		31.42	5.58
Adjustments :			
Depreciation, amortisation and impairment	9	0.10	1.51
Net loss on sale of property, plant and equipments	25	-	16.57
Impairment of financial instruments	24	(0.52)	0.02
Interest income	19	-	(0.01)
Interest expense	22	4.29	2.59
Gain on sale of investments (net)	20	(8.04)	(1.41)
Employee share based payment expense	23	1.54	(0.28)
Change in fair value of financials assets	20	(46.64)	(6.30)
Interest received	19	-	0.01
Reversal of provision of earlier years	21	-	(30.46)
Provisions for employee benefits		(0.09)	(0.11)
Operating (loss) / profit before working capital changes		(17.94)	(12.29)
Adjustments for (increase)/ decrease in operating assets:			
Trade receivables		(2.01)	7.85
Other financial assets		2.30	1.76
Bank balances other than cash and cash equivalents		0.41	(0.37)
Adjustments for increase/ (decrease) in operating liabilities			
Other payables		1.24	0.01
Other financial liabilities		(0.59)	(1.02)
Cash generated / (utilised) from operations		1.35	8.23
Less : Income taxes paid (net of refunds)		(1.22)	(2.61)
Net cash (outflow) / inflow from operating activities		(17.81)	(6.67)
CASH FLOW FROM INVESTING ACTIVITIES :			
Payments for purchase of investment		(50.22)	(57.47)
Payments for property, plant and equipments		(0.04)	(0.16)
Proceeds from disposal of property, plant and equipments		-	18.00
Advances given to subsidiary		-	(0.02)
Advances repaid by subsidiary		0.52	-
Proceeds from sale of investments		55.04	52.81
Term deposits placed		-	(6.00)
Term deposits matured		-	6.00
Net cash inflow from investing activities		5.30	13.16
CASH FLOW FROM FINANCING ACTIVITIES :			
Inter corporate deposits taken		20.00	39.50
inter corporate deposits repaid (including interest)		(5.12)	(44.54)
Increase in Equity Share Capital		0.39	-
Net cash inflow / (outflow) from financing activities		15.27	(5.04)
NET INCREASE IN CASH AND BANK BALANCES		2.76	1.45
Add : Cash and cash equivalents at beginning of the year		2.14	0.69
Cash and cash equivalents at end of the year		4.90	2.14

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 Khimji Kunverji & Co LLP
Chartered Accountants
Firm Registration No. 105146W/ W100621

Gautam V Shah
Partner
Membership Number: 117348

Mumbai, May 20, 2022

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

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

Sunil Kakar
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(DIN: 03055561)

Mahendra N. Shah
Company Secretary
(ACS: 4222)

Bipin Gemani
Chief Financial Officer
(PAN: AACPG6412A)

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

1A. BACKGROUND

IDFC Limited ('the Company') 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 4th 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, 9th 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 20, 2022.

The Company along with its three wholly owned subsidiaries viz. IDFC Projects Limited, IDFC Trustee Company Limited and IDFC Alternatives Limited has 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. Approval from RD is still awaited.

If approval of RD is received post adoption of accounts by the Board of Directors but before the approval by the members in Annual General Meeting, accounts will be reinstated and merged with effect from Appointed Date i.e. April 01, 2021. The reinstated accounts will be approved by the members at Annual General Meeting and the same will be considered for all regulatory and tax compliances.

1B. NEW AND AMENDED STANDARDS ADOPTED

There are no new standards and amendments applicable to the Company for the annual reporting period commencing on April 1, 2021.

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 36.

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.

(iii) Revenue from power supply

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

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 has is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

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

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If the rate cannot be readily determined, which is generally the case for leases in the 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 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.

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 35 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 35.

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.

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 34.

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. 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).

18. 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.

19. 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.

20. 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.

21. 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.

22. 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.

23. 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.

24. 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.

25. 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.

26. 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 34.

2. ESTIMATION OF NAVS OF VENTURE CAPITAL FUNDS (VCFS)

Investment in Venture Capital Fund units are valued after appropriate markdown of Net Asset Value declared by the Funds for illiquidity discount.

3. 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 takes into account 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.

4. TRANSFER FROM 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.

The Company has created special reserve under section 36(i)(viii) of The Income Tax Act, 1961 on its infrastructure assets. As the Company is an investment company now, no further reserve under the said section is being created. The Company has claimed deduction for the creation of these reserves in earlier years. Section 41(4A) states that, "Where a deduction has been allowed in respect of any special reserve created and maintained under clause (viii) of sub- section (1) of section 36, any amount subsequently withdrawn from such special reserve shall be deemed to be the profits and gains of business or profession and accordingly be chargeable to income-tax as the income of the previous year in which such amount is withdrawn."

3. CASH AND CASH EQUIVALENTS

(₹ in crore)

	As at March 31, 2022	As at March 31, 2021
Cash on hand	ß	ß
Balances with banks:		
In current accounts	4.90	2.14
Total	4.90	2.14

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, 2022	As at March 31, 2021
Balances with banks:		
In earmarked accounts		
- unclaimed dividend	1.45	1.85
Total	1.45	1.85

5A. TRADE RECEIVABLES

(₹ in crore)

	As at March 31, 2022	As at March 31, 2021
Receivables considered good - Secured	-	-
Receivables considered good - Unsecured	-	-
Receivables - Credit impaired	-	5.90
(Less): Impairment loss allowance	-	(5.90)
Total	-	-

5B. OTHER RECEIVABLES

(₹ in crore)

	As at March 31, 2022	As at March 31, 2021
Receivables considered good - Secured	2.01	-
Receivables considered good - Unsecured	-	-
Receivables - Credit impaired	-	-
(Less): Impairment loss allowance	-	-
Total	2.01	-

6. INVESTMENTS

(₹ in crore)

	At amortised Cost	At fair value through profit and loss	Others*	Total
As at March 31, 2022				
Subsidiaries [see note (a) and (b) below]	-	-	9,288.19	9,288.19
Associates	-	-	35.62	35.62
Venture capital fund units	-	116.87	-	116.87
Total (A) - Gross	-	116.87	9,323.81	9,440.68
(Less): Impairment loss allowance [see note (c) below]	-	-	(95.67)	(95.67)
Total (A) - Net	-	116.87	9,228.14	9,345.01
Investments outside India	-	-	-	-
Investments in India	-	116.87	9,323.81	9,440.68
Total (B) - Gross	-	116.87	9,323.81	9,440.68
(Less): Impairment loss allowance [see note (c) below]	-	-	(95.67)	(95.67)
Total (B) - Net	-	116.87	9,228.14	9,345.01

(₹ in crore)

	At amortised Cost	At fair value through profit and loss	Others*	Total
As at March 31, 2021				
Subsidiaries [see note (a) below]	-	-	9,288.32	9,288.32
Associates	-	-	35.62	35.62
Venture capital fund units	-	67.00	-	67.00
Total (A) - Gross	-	67.00	9,323.94	9,390.94
(Less): Impairment loss allowance [see note (c) below]	-	-	(95.67)	(95.67)
Total (A) - Net	-	67.00	9,228.27	9,295.27
Investments outside India	-	-	-	-
Investments in India	-	67.00	9,323.94	9,390.94
Total (B) - Gross	-	67.00	9,323.94	9,390.94
(Less): Impairment loss allowance [see note (c) below]	-	-	(95.67)	(95.67)
Total (B) - Net	-	67.00	9,228.27	9,295.27

* Investment in subsidiaries and associates are measured at cost in accordance with Ind AS 27.

a) IDFC Financial Holding Company Limited (''IDFC FHCL") had filed application u/s 66 (i) of the Companies Act 2013 for reduction of share capital by ₹ 650 crore on December 12, 2019 with Hon'ble National Company Law Tribunal (''NCLT''). Hon'ble NCLT, Chennai Branch passed order on February 04, 2021 approving the reduction of share capital and had given time of 30 days to effect the reduction. However the shareholders of IDFC FHCL passed a special resolution in the Extra Ordinary General Meeting held on March 2, 2021 to not give effect to the said capital reduction. Based on the legal advice obtained, IDFC FHCL has communicated its decision of not being able to comply to the NCLT order to the Registrar of companies ("ROC") vide MGT-14 dated March 02, 2021 and to NCLT vide their letter dated March 02, 2021. No communication has been received by IDFC FHCL from ROC or NCLT upto the date of approval of these financial statements.

b) As part of simplification of corporate structure, the Company along with its three wholly owned subsidiaries viz. IDFC Projects Limited, IDFC Trustee Company Limited and IDFC Alternatives Limited has 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.

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. Approval from RD is still awaited.

If approval of RD is received post adoption of accounts by the Board of Directors but before the approval by the members in Annual General Meeting, accounts will be reinstated and merged with effect from Appointed Date i.e. April 01, 2021. The reinstated accounts will be approved by the members at Annual General Meeting and the same will be considered for all regulatory and tax compliances.

c) Impairment loss allowance

(i) The Company had made provision of ₹ 35.62 crore on Novopay Solutions Private Limited ("Novopay") (associate of the Company). Performance of Novopay had lead to substantial erosion of its net worth. Accordingly, investment was completley impaired.

(ii) IDFC Projects Limited, a wholly owned subsidiary of the Company has suspended its business operations and there are no definitive future business plans for its commercial operations. The net worth of IDFC Projects Limited has eroded significantly due to accumulated losses from prior years of operation to such an extent that it's networth has turned negative, the recoverable amount of the entire equity investment is considered to be less than its carrying value. Consequently, in the preceding years the Company had made a provision for impairment of ₹ 47.05 crore in the statement of profit and loss. Entire Investment in IDFC Projects Limited has been provided for.

(iii) IDFC Foundation, wholly owned subsidiary of the Company is 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 shall not be distributed to IDFC Limited but will be 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 34.

7. OTHER FINANCIAL ASSETS

(₹ in crore)

	As at March 31, 2022	As at March 31, 2021
Security deposits	0.29	0.29
Advance given to related party (refer note 38)	-	0.52
Impairment provision on advance given to related party	-	(0.52)
Total	0.29	0.29

8. INCOME TAX ASSETS (NET)

(₹ in crore)

	As at March 31, 2022	As at March 31, 2021
Income tax paid in advance	4.50	1.51
[net of provision for tax for ₹ 31.14 crores (March 31, 2021: ₹ 16.06 crores)]		
Total	4.50	1.51

9. PROPERTY, PLANT AND EQUIPMENT

(₹ in crore)

	Vehicles	Office Equipments	Computers	Windmills	Total
Year ended March 31, 2022					
Gross carrying amount					
Opening gross carrying amount	0.45	0.18	1.81	-	2.44
Additions	-	0.01	0.04	-	0.04
Disposals and transfers	-	ß	0.01	-	0.01
Closing gross carrying amount	0.45	0.18	1.84	-	2.47
Accumulated depreciation					
Opening accumulated depreciation	0.25	0.17	1.79	-	2.21
Depreciation charge during the year	0.08	ß	0.02	-	0.10
Disposals and transfers	-	ß	ß	-	ß
Closing accumulated depreciation	0.33	0.17	1.81	-	2.31
Net carrying amount as at March 31, 2022	0.12	0.01	0.03	-	0.16
Year ended March 31, 2021					
Gross carrying amount					
Opening gross carrying amount	0.29	0.18	1.81	59.96	62.24
Additions	0.16	ß	-	-	0.16
Disposals and transfers	-	-	-	(59.96)	(59.96)
Closing gross carrying amount	0.45	0.18	1.81	-	2.44
Accumulated depreciation					
Opening accumulated depreciation	0.18	0.17	1.78	21.96	24.09
Depreciation charge during the year	0.07	ß	0.01	1.43	1.51
Disposals and transfers [see note (a) below]	-	-	-	(23.39)	(23.39)
Closing accumulated depreciation	0.25	0.17	1.79	-	2.21
Net carrying amount as at March 31, 2021	0.20	0.01	0.02	-	0.23

a) During the preceding year, based on the Business Transfer Agreement executed on August 14, 2020, windmills has been sold to Champak Pragati Foundation for aggregate consideration of ₹ 20.34 crore. The Company had recognised loss of ₹ 16.57 crore on sale on Windmill. Post the sale of Windmills, transfer application was made to Rajasthan Renewable Energy Corporation (RRECL) for transfer of Power Purchase Agreement (PPA) in favour of the buyer which has been transferred in current year. The Company had received part consideration and balance amount of ₹ 2.32 crore was to be received post PPA transfer, which the Company has received during the current financial year. As on March 31, 2022 there is no balance outstanding pertaining to sale of Windmills.

10. OTHER NON-FINANCIAL ASSETS

(₹ in crore)

	As at March 31, 2022	As at March 31, 2021
Prepaid expenses	0.18	0.17
Supplier advances	-	ß
Balances with government authorities - cenvat/GST credit available	-	ß
Receivable from gratuity fund [(refer note 27)]	ß	-
Others [refer note 9 (a)]	0.01	2.32
Total	0.19	2.49

11. OTHER PAYABLES

(₹ in crore)

	As at March 31, 2022	As at March 31, 2021
- Total outstanding dues of micro enterprises and small enterprises	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises *	2.83	1.59
Total	2.83	1.59

* 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, 2022	As at March 31, 2021
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. DEPOSITS

(₹ in crore)

	As at March 31, 2022	As at March 31, 2021
Inter corporate deposits from related parties [see note 38]	54.50	35.33
Total	54.50	35.33

Net debt reconciliation

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

(₹ in crore)

	As at March 31, 2022	As at March 31, 2021
Cash and cash equivalents	4.90	2.14
Intercoporate deposits	(54.50)	(35.33)
Net debt	(49.60)	(33.19)

	Other assets	Liabilities from financing activity	Total
	Cash and Bank Balance	Inter Corporate deposit	
Net debt as at April 1, 2020	0.69	(37.76)	(37.07)
Cash outflows	1.45	-	1.45
Inter corporate deposits taken	-	(39.50)	(39.50)
Inter corporate deposits repaid	-	42.76	42.76
Interest on Inter corporate deposits	-	(0.83)	(0.83)
Net debt as at March 31, 2021	2.14	(35.33)	(33.19)
Cash outflows	2.76	-	2.76
Inter corporate deposits taken	-	(20.00)	(20.00)
Inter corporate deposits repaid	-	0.83	0.83
Interest on Inter corporate deposits	-	-	-
Net debt as at March 31, 2022	4.90	(54.50)	(49.60)

13. OTHER FINANCIAL LIABILITIES

(₹ in crore)

	As at March 31, 2022	As at March 31, 2021
Unclaimed dividend *	1.45	1.85
Employee benefits payable	1.80	1.80
Total	3.25	3.65

* Amount required to be transferred has been transferred to Investor Education Protection Fund account as required under section 125 of the Companies Act, 2013

14. INCOME TAX LIABILITIES (NET)

(₹ in crore)

	As at March 31, 2022	As at March 31, 2021
Provision for income tax	-	0.21
[net of advance tax of ₹ Nil (March 31, 2021: ₹ 14.15 crore)]		
Total	-	0.21

15. DEFERRED TAX LIABILITIES (NET)

(₹ in crore)

	As at March 31, 2022	As at March 31, 2021
Fair value adjustments		
- Venture capital fund units	12.02	0.57
Total	12.02	0.57

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, 2021	Charged/ (credited) to profit and loss	Charged/ (credited) to OCI	As at March 31, 2022
Deferred tax liability :				
Fair valuation gain/(loss) on financial instruments	0.57	11.45	-	12.02
Total	0.57	11.45	-	12.02

16. PROVISIONS

(₹ in crore)

	As at March 31, 2022	As at March 31, 2021
Provision for gratuity [refer note 27]	-	0.17
Total	-	0.17

17. OTHER NON-FINANCIAL LIABILITIES

(₹ in crore)

	As at March 31, 2022	As at March 31, 2021
Statutory dues	1.14	0.67
Other payables	-	0.49
Total	1.14	1.16

18A. EQUITY SHARE CAPITAL

(₹ in crore)

	As at March 31, 2022		As at March 31, 2021	
	Number	₹ In crore	Number	₹ In crore
Authorised shares				
Equity shares of ₹ 10 each	4,000,000,000	4,000.00	4,000,000,000	4,000.00
Preference shares of ₹ 100 each	100,000,000	1,000.00	100,000,000	1,000.00
Issued, subscribed & fully paid-up shares				
Equity shares of ₹ 10 each	1,596,435,942	1,596.44	1,596,358,316	1,596.36
Total	1,596,435,942	1,596.44	1,596,358,316	1,596.36

a) Movements in equity share capital

	As at March 31 2,022		As at March 31 2,021	
	Number	₹ In crore	Number	₹ In crore
Outstanding at the beginning of the year	1,596,358,316	1,596.36	1,596,358,316	1,596.36
Shares issued during the year [refer note (c)]	77,626	0.08	-	-
Outstanding at the end of the year	1,596,435,942	1,596.44	1,596,358,316	1,596.36

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, 2022 the Company issued 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 37.

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

Equity shareholders	As at March 31, 2022		As at March 31, 2021	
	Number	% holding	Number	% holding
President of India	26,14,00,000	16.37	26,14,00,000	16.37

18B. OTHER EQUITY

(₹ in crore)

	As at March 31, 2022	As at March 31, 2021
Surplus in the statement of profit and loss	889.65	872.18
Securities premium	2,506.19	2,505.88
General reserve	641.47	631.02
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	1,002.04	997.65
Share options outstanding account	6.75	15.78
Total	7,688.33	7,664.74

a) Surplus in the statement of profit and loss

(₹ in crore)

	Year ended March 31, 2022	Year ended March 31, 2021
Opening balance	872.18	454.08
Net profit for the year	21.95	8.98
Items of other comprehensive income recognised directly in retained earnings		
- Remeasurements of post-employment benefit obligation, net of tax	(0.09)	(0.11)
Transfer from Special reserve u/s. 36(1)(viii) of the Income-tax Act, 1961 [refer note 18(c)(e)]	-	411.02
Transfer to special reserve u/s. 45-IC of RBI Act, 1934	(4.39)	(1.80)
Closing balance	889.65	872.18

b) Securities premium

(₹ in crore)

	Year ended March 31, 2022	Year ended March 31, 2021
Opening balance	2,505.88	2,505.88
Changes during the year	0.31	-
Closing balance	2,506.19	2,505.88

c) General reserve

(₹ in crore)

	Year ended March 31, 2022	Year ended March 31, 2021
Opening balance	631.02	631.02
Appropriations during the year	10.45	-
Closing balance	641.47	631.02

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

(₹ in crore)

	Year ended March 31, 2022	Year ended March 31, 2021
Opening balance	2,642.23	3,053.25
Appropriations during the year [refer note 18C (e)]	-	(411.02)
Closing balance	2,642.23	2,642.23

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

(₹ in crore)

	Year ended March 31, 2022	Year ended March 31, 2021
Opening balance	997.65	995.85
Appropriations during the year	4.39	1.80
Closing balance	1,002.04	997.65

f) Share options outstanding account

(₹ in crore)

	Year ended March 31, 2022	Year ended March 31, 2021
Opening balance	15.78	19.12
Employee stock option expense	2.01	-
Vested options lapsed during the year	(11.04)	(3.34)
Closing balance	6.75	15.78

18C. 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 earstwhlie 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) 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 37).

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.

Before demerger of its financing undertaking, the Company was a notified public financial institution engaged in lending to infrastructure projects. The Company had created special reserve u/s 36(1)(viii) of the Income Tax Act, 1961 on profits derived from eligible business. The Company has claimed deduction for the creation of these reserves in earlier years. Section 41(4A) states that, “Where a deduction has been allowed in respect of any special reserve created and maintained under clause (viii) of sub- section (1) of section 36, any amount subsequently withdrawn from such special reserve shall be deemed to be the profits and gains of business or profession and accordingly be chargeable to income-tax as the income of the previous year in which such amount is withdrawn.” During the preceding year, based on the legal opinion provided by the external legal advisor and in consultation with the tax consultant, the Company has transferred excess reserves of ₹ 411.02 crores on which deduction was not allowed in any of the previous years to “Surplus in the statement of profit and loss”. The transfer of reserves have been approved by the Board of Directors.

19. INTEREST INCOME

(₹ in crore)

	Year ended March 31, 2022	Year ended March 31, 2021
On financial assets measured at amortised costs:		
Interest on deposits with banks	-	0.01
Total	-	0.01

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

(₹ in crore)

	Year ended March 31, 2022	Year ended March 31, 2021
Net gain/(loss) on financial instruments at FVTPL:		
(i) On trading portfolio		
- Mutual fund units	0.17	0.19
(ii) On financial instruments designated at FVTPL		
- Venture capital units	54.51	7.52
Total (A)	54.68	7.71
Fair Value changes:		
Realised	8.04	1.41
Unrealised	46.64	6.30
Total (B)	54.68	7.71

21. OTHER INCOME

(₹ in crore)

	Year ended March 31, 2022	Year ended March 31, 2021
Sale of power	-	4.74
Miscellaneous income	3.13	-
Reversal of provision of earlier years*	-	30.46
Total	3.13	35.20

* Out of the above for details of reversal amounting to ₹ 22.63 crores refer note 31(b). The balance amount pertains to reversal of impairment on other receivables amounting to ₹ 7.83 crores as the same have been recovered during the preceding year.

22. FINANCE COST

(₹ in crore)

	Year ended March 31, 2022	Year ended March 31, 2021
On financial liabilities measured at amortised cost:		
Interest on inter corporate deposits (refer note 38)	4.29	2.59
Total	4.29	2.59

23. EMPLOYEE BENEFITS EXPENSES

(₹ in crore)

	Year ended March 31, 2022	Year ended March 31, 2021
Salaries, wages and bonus	7.86	8.01
Contribution to provident and other funds [refer note 27(a)]	0.69	0.70
Contribution to gratuity fund [refer note 37(c)(i)]	0.02	0.02
Employee share based payment expense [refer note 37(c)(ii)]	2.01	-
Employee share based payment expense- Bank	(0.47)	(0.28)
Staff welfare expenses	0.02	0.02
Total	10.13	8.47

24. IMPAIRMENT ON FINANCIAL INSTRUMENTS

(₹ in crore)

	Year ended March 31, 2022	Year ended March 31, 2021
On financial instruments measured at amortised cost:		
Advances given to related party	(0.52)	0.02
Others:		
Write off of trade receivables	5.90	-
Reversal of provision on trade receivables	(5.90)	-
Total	(0.52)	0.02

25. OTHER EXPENSES

(₹ in crore)

	Year ended March 31, 2022	Year ended March 31, 2021
Rent	0.55	0.52
Rates and taxes	1.73	1.18
Repairs and maintenance		
- Equipments	-	1.26
Loss on sale of Plant, Property and Equipment [refer note 9(a)]	-	16.57
Insurance charges	0.14	0.16
Travelling and conveyance	0.06	0.16
Printing and stationery	0.01	0.01
Communication costs	0.02	0.27
Advertising and publicity	0.05	0.03
Professional fees	6.95	2.39
Directors' sitting fees	0.85	0.35
Commission to directors	0.69	0.66
Contribution for corporate social responsibility (CSR) [refer note (b) below]	0.64	0.36
Auditors' remuneration [refer note (a) below]	0.39	0.47
Shared service cost (net)	0.16	-
Miscellaneous expenses	0.15	0.36
Total	12.39	24.75

a) Breakup of Auditors' remuneration

(₹ in crore)

	Year ended March 31, 2022	Year ended March 31, 2021
Audit fees	0.27	0.34
Tax audit fees	0.02	0.02
Other Services	0.10	0.09
Out-of-pocket expenses	ß	0.02
Total	0.39	0.47

b) Contribution for corporate social responsibility (CSR)

i) 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 ₹ 0.64 crore (preceding year ₹ 0.91 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 ₹ 0.64 crore (preceding year ₹ 0.36 crore), which comprise of following:

(₹ in crore)

	Year ended March 31, 2022	Year ended March 31, 2021
CSR Expenditure:		
IDFC Foundation	-	0.36
Prime Minister's CARES Fund*	-	0.55
Scoial Action For Manpower Creation - SAMPARC	0.17	-
Yosaid Innovation Foundation	0.17	-
GOONJ	0.10	-
IIMPACT	0.10	-
INDIAN CANCER SOCIETY	0.10	-
	0.64	0.91
Amount spent during the year on:		
(i) Construction/acquisition of an asset	-	-
(ii) On purposes other than (i) above	0.64	0.91
Total	0.64	0.91

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.

* Based on the Appeal received from the Government of India, Ministry of Corporate Affairs (MCA), the Company had additionally contributed ₹ 0.55 crore towards Prime Minister's CARES fund in FY 19-20. Also MCA had issued a circular dated May 20, 2021 - on offsetting the excess CSR spent for financial year 2019-20 in next financial year. Accordingly excess contribution of ₹ 0.55 crore made in FY 19-20 has been set off against CSR liability of FY 20-21.

26. INCOME TAX

a) The components of income tax expense for the years ended March 31, 2022 and March 31, 2021 are: (₹ in crore)

	Year ended March 31, 2022	Year ended March 31, 2021
Current tax		
Current tax on profits for the year	-	1.71
Adjustment for current tax of earlier periods	(1.98)	1.46
Total current tax expense	(1.98)	3.17
Deferred tax		
Increase / (decrease) in deferred tax liabilities [see note (d) below]	11.45	(6.57)
Total deferred tax expense	11.45	(6.57)
Income tax expense	9.47	(3.40)

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, 2022 and March 31, 2021 is, as follows:

(₹ in crore)

	Year ended March 31, 2022	Year ended March 31, 2021
Accounting profit before tax	31.42	5.58
Tax at India's statutory income tax rate of 25.17% (previous year 25.17%)	7.91	1.41
Tax effect of the amount which are not taxable:		
- Provisions disallowed in preceding year hence not taxable	-	(7.67)
Expenses not deductible / deductible for tax purposes		
- Book loss on sale of Windmill	-	4.17
- Others	(7.91)	0.44
Long term capital gain taxed on windmill - in tax books	-	4.58
Difference in tax rates (due to business loss set off)	-	0.29
Adjustment of current tax of prior periods	(1.98)	1.46
Effect of reversal of opening deferred tax liability	11.45	(6.57)
Others	-	(1.50)
Income tax expense at effective tax rate	9.47	(3.40)
Effective tax rate	30.13%	(60.92%)

c) Unrecognised temporary differences

(₹ in crore)

	Year ended March 31, 2022	Year ended March 31, 2021
Temporary differences relating to impairment loss	(0.52)	0.02

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, hence there is no reversal of deferred tax asset in current year on reversal of impairment loss.

d) Deferred tax expenses of the preceding year include reversal of deferred tax of ₹ 8.15 crores created on Windmill which has been sold during the preceding year.

e) The Direct Tax Vivad Se Vishwas (VSV) Act, 2020 introduced a dispute resolution scheme, which is applicable to all appeals / petitions filed by the tax payer on the income tax department, which were pending until January 31, 2020, before any appellate forum. Under the Scheme, a taxpayer can settle a litigation pending before any forum by paying the tax on the disputed income and get a full waiver of interest and / or penalty. During the preceding year the Company had settled its liability for Assessment Year 2017-18 by paying ₹ 1.53 crores under VSV scheme.

27. 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, 2022	Year ended March 31, 2021
Provident fund	0.38	0.39
Pension fund	0.29	0.29
Superannuation fund	0.02	0.02
Total	0.69	0.70

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 act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age.

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

i) Balance Sheet

(₹ in crore)

	Present value of obligation	Fair value of plan assets	Net amount
As at March 31, 2021	2.74	2.56	0.17
Current service cost	0.02	-	0.02
Interest expense/(income)	0.06	0.05	ß
Actuarial loss / (gain) arising from change in financial assumptions	(0.01)	-	(0.01)
Actuarial loss / (gain) arising on account of experience changes	0.20	-	0.20
Actual return on plan assets less interest on plan assets	-	0.08	(0.08)
Employer contributions	-	0.31	(0.31)
Benefit payments	-	-	-
As at March 31, 2022	3.01	3.01	ß

(₹ in crore)

	As at March 31, 2022	As at March 31, 2021
Present value of plan liabilities	3.01	2.74
Fair value of plan assets	3.01	2.56
Plan liability net of plan assets	ß	0.17

ii) Statement of Profit and Loss

(₹ in crore)

	Year ended March 31, 2022	Year ended March 31, 2021
Employee Benefit Expenses:		
Current service cost	0.02	0.03
Interest cost	ß	(0.01)
Total	0.02	0.02
Finance cost	-	-
Net impact on the profit before tax	0.02	0.02
Remeasurement of the net defined benefit liability:		
Actuarial gains/(losses) arising from changes in demographic assumptions	-	-
Actuarial gains/(losses) arising from changes in financial assumptions	(0.01)	(0.04)
Actuarial gains/(losses) arising from changes in experience	0.20	0.33
Actual return on plan assets less interest on plan assets	(0.08)	(0.14)
Net impact on the other comprehensive income before tax	0.12	0.15

iii) Defined benefit plans assets

Category of assets (% allocation)	As at March 31, 2022	As at March 31, 2021
Insurer managed funds		
- Government securities	45.65%	50.86%
- Deposit and money market securities	15.06%	5.94%
- Debentures / bonds	33.93%	37.44%
- Equity shares	5.36%	5.76%
Total	100.00%	100.00%

iv) Actuarial assumptions

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

	As at March 31, 2022	As at March 31, 2021
Discount rate	4.40%	3.90%
Salary escalation rate*	5%	5%

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

v) Demographic assumptions

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

vi) Sensitivity

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%)

As at March 31, 2021	Change in assumption	Impact on defined benefit obligation	
		Increase	Decrease
Discount rate	0.50%	(0.24%)	0.26%
Salary escalation rate	0.50%	0.26%	(0.24%)

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

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

vii) Maturity

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

(₹ in crore)

	As at March 31, 2022	As at March 31, 2021
within 12 months	2.89	2.64
Between 2-5 years	0.03	0.02
Between 5-10 years	0.03	0.03
Beyond 10 years	0.16	0.13

The weighted average duration to the payment of these cash flows is 0.49 years (preceding year 0.50 years).

28. 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.

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.

In relation with note above, since the five years of lock- in period is completed, IDFC Financial Holding Company Limited (IDFC FHCL) had written letters to IDFC FIRST Bank Limited ("IDFC FIRST Bank") with respect to Unlocking Value for shareholders of the 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.

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.

iii) On March 25, 2021 the Company received letter from Government of India, Ministry of Finance , Department of Financials Services informing about the withdrawal of Mr. Anshuman Sharma and Mr. Soumyajit Ghosh as Nominee directors from the Board of IDFC Limited with immediate effect.

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 sudden and immediate withdrawal of Government Nominees from the Board, the number of Directors on the Board of the Company reduced from 6 to 4 and the composition of the Board as well as constitution of Board's committees were impacted. As on March 31, 2021 the Company was in process of appointing New Directors, other than Government Nominee, on the Board to comply with Regulation 17(1)(c) of SEBI LODR Regulations 2015.

Subsequently, the Company based on the recommendation of Nomination and Remuneration Committee at its meeting held on May 25, 2021 approved nomination of Mr. Jaimini Bhagwati and Mr. Anil Singhvi as an additional director in the category of independent director for a period of 3 years. These nominations are approved by the shareholders of the Company at the Annual General Meeting held on September 22, 2021.

30. EARNINGS PER SHARE (EPS)

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

	Year ended March 31, 2022	Year ended March 31, 2021
Net profit after tax available for equity shareholders	21.95	8.98
Weighted average number of equity shares	1,596,413,052	1,596,358,316

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

	Year ended March 31 2,022	Year ended March 31 2,021
Basic earnings per share	0.14	0.06
Effect of outstanding stock options	0.00	-
Diluted earnings per share	0.14	0.06

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 2,022	Year ended March 31 2,021
Weighted average number of shares for computation of Basic EPS	1,596,413,052	1,596,358,316
Dilutive effect of outstanding stock options	438,563	-
Weighted average number of shares for computation of Diluted EPS	1,596,851,615	1,596,358,316

31. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

(₹ in crore)

	As at March 31, 2022	As at March 31, 2021
Commitments		
Uncalled liability on shares and other investments partly paid	2.74	10.81
Claims not acknowledged as debts	34.72	4.51
Letter of comfort (see note a)	14.57	14.57
Total	52.04	29.89

a) 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 is valid till April 30, 2022.

b) IDFC Projects Limited, a wholly owned subsidiary of the Company holds 19.90% stake on fully diluted basis 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, JSTPL along with its lenders had initiated arbitration proceeding against NHAI to make payment of 90% of the debt due under terms of the arrangement. The Hon’ble Supreme Court of India directed NHAI to pay ₹ 348.60 crore in the Escrow Account with the Lead Lender, Punjab National Bank (PNB) within 6 (six) weeks from January 05, 2018. Following that, NHAI had released the amount of ₹ 348.60 crore on January 29, 2018 which was distributed to lenders on proportionate basis. However, JSTPL had provided a bank guarantee of the amount of ₹ 348.60 crore to NHAI in compliance with order of the Court.

The Hon’ble Delhi High Court pronounced the judgement on January 4, 2021 in favour of JSTPL. NHAI challenged this judgment under section 37 and next hearing was scheduled on April 29, 2021 which got adjourned and is rescheduled on July 19, 2021. JSTPL filed execution petition on January 13, 2021 and based on the petition filed Hon’ble Delhi High Court directed NHAI to handover the original bank guarantee before March 15, 2021. JSTPL collected the bank guarantee from NHAI on March 17, 2021 and returned it to PNB. Accordingly IDFC Projects share of commitment (19.90% on fully dilutive basis) which was counter guaranteed by IDFC for ₹ 69.37 crore was disclosed as commitments in the preceding year. However, as bank guarantee is revoked, it is no more shown as outstanding commitment. Consequently, provision on loan commitment created in IDFC Limited for ₹ 22.63 crore was also revered in preceding year.

c) 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. EVENTS OCCURRING AFTER THE REPORTING PERIOD

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.

33. 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 :

(₹ in crore)

Capital to risk assets ratio (CRAR):	As at March 31, 2022	As at March 31, 2021
Tier I capital	926.10	952.84
Tier II capital	-	-
Total capital	926.10	952.84
Risk weighted assets	1,069.79	1,015.71
CRAR (%)	86.57%	93.81%
CRAR - Tier I capital (%)	86.57%	93.81%
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.

34. 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:

Financial Instruments by Category (₹ in crore)

Year ended March 31, 2022	At fair value through profit and loss	Amortised cost
Financial Assets:		
Cash and cash equivalents	-	4.90
Bank Balances other than cash and cash equivalents	-	1.45
Other receivables	-	2.01
Investments:		
- Venture capital fund units	116.87	-
Other financial assets	-	0.29
Total Financial Assets	116.87	8.65
Financial Liabilities:		
Other payables	-	2.83
Deposits	-	54.50
Other financial liabilities	-	3.25
Total Financial Liabilities	-	60.58

(₹ in crore)

Year ended March 31, 2021	At fair value through profit and loss	Amortised cost
Financial Assets:		
Cash and cash equivalents	-	2.14
Bank Balances other than above	-	1.85
Investments:		
- Venture capital fund units	67.00	-
Other financial assets	-	0.29
Total Financial Assets	67.00	4.28
Financial Liabilities:		
Other payables	-	1.59
Deposits	-	35.33
Other financial liabilities	-	3.65
Total Financial Liabilities	-	40.57

The Equity instruments in subsidiaries and associates are measured at cost and not included in the above table.

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.

As at March 31, 2022 (₹ in crore)

Assets measured at fair value - recurring fair value measurements	Note	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL					
- Venture capital fund units	6	-	-	116.87	116.87
Total financial assets		-	-	116.87	116.87

Year ended March 31, 2021 (₹ in crore)

Assets measured at fair value - recurring fair value measurements		Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL					
- Venture capital fund units	6	-	-	67.00	67.00
Total financial assets		-	-	67.00	67.00

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. During preceding year with respect to the Covid-19 pandemic and the stress in various sectors of the economy the Company had taken appropriate haircuts and provided for an additional diminution over and above the NAV communicated by the VCFs in order to appropriately reflect the fairvalue as on March 31, 2021.

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.

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, 2022 and March 31, 2021:

(₹ in crore)

	Venture capital fund units	Total
Year ended March 31, 2020	54.64	54.64
Disposals (net) during the year	6.06	6.06
Gains recognised in profit and loss	6.30	6.30
Year ended March 31, 2021	67.00	67.00
Acquisitions (net) during the year	3.23	3.23
Gains recognised in profit and loss	46.64	46.64
Year ended March 31, 2022	116.87	116.87

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 31st March 2022	Fair Value as at 31st March 2021	Significant unobservable inputs	Probability-weighted range	Sensitivity
Venture capital fund units	116.87	67.00	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 ₹8.75 crores. (March 31, 2021 - ₹ 5.01 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, short term loans and advances, trade and other receivables, trade and other payable, and debt securities.

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.

35. 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 optimizing 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.

In case of loan commitment to IDFC Projects, on account of limited credit information available and no prior history with other forms of operations, the Company has used the standard LGD prescribed in the RBI norms for Capital Adequacy — “Internal Ratings Based (IRB) Approach to Calculate Capital Requirement for Credit Risk” after giving considerations to the required threshold levels of collateralization.

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.

Credit risk exposure:

The following table contains an analysis of Company’s exposure to credit risk towards loan commitments for which and ECL allowance is recognised:

(i) Reconciliation of ECL - Loan commitments*

(₹ in crore)

	Stage 1 (12M ECL)	Stage 2 (12M ECL)	Stage 3 (Lifetime ECL)	Total
Impairment allowance as at March 31, 2020	-	-	22.63	22.63
- arising during the year	-	-	-	-
- reversed	-	-	(22.63)	(22.63)
Impairment allowance as at March 31, 2021	-	-	-	-
- arising during the year	-	-	-	-
- reversed	-	-	-	-
Impairment allowance as at March 31, 2022	-	-	-	-

*Refer note 31(b) for details of loan commitments provided to IDFC Projects Limited in earlier years.

ii) Trade and other receivables

Concentrations of credit risk with respect to trade and other receivables are limited, due to the customer base being limited. All trade receivables are reviewed and assessed for default on a individual basis. Historical experience of collecting receivables of the 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

	₹ in crore
Impairment allowance as at March 31, 2020	13.73
Add/(less): changes in loss allowance	(7.83)
Impairment allowance as at March 31, 2021	5.90
Add/(less): changes in loss allowance	(5.90)
Impairment allowance as at March 31, 2022	-

iii) 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 ₹ 116.87 crores (March 31, 2021: ₹ 67.00 crores)

The Company continues to provide the financial support to its Wholly Owned Subsidiay "IDFC Projects Limited" to meet its obligations as and when they fall due for payment; as the networth of the subsidiary is fully errorded. During the preceding year, the Company had given an advance of ₹ 0.02 crore which has been fully provided.

Reconciliation of impairment allowance on other financial assets

	₹ in crore
Impairment allowance as at March 31, 2020	0.50
Add/(less): changes in loss allowance	0.02
Impairment allowance as at March 31, 2021	0.52
Add/(less): changes in loss allowance	(0.52)
Impairment allowance as at March 31, 2022	-

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, 2022 and March 31, 2021.

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, 2022	As at March 31, 2021
Investment in venture capital fund units	116.87	67.00
Total	116.87	67.00

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* Year ended March 31, 2022	Impact on profit after tax* Year ended March 31, 2021
Investment in venture capital fund units:		
- Increase 10% (preceding year 10%)	8.75	5.01
- Decrease 10% (preceding year 10%)	(8.75)	(5.01)

*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:

(₹ in crore)

As at March 31, 2022	Note No.	Less than 12 months	More than 12 months	Total
Financial liabilities:				
Other payable	11	2.83	-	2.83
Deposits	12	44.50	10.00	54.50
Other financial liabilities	13	3.25	-	3.25
Total financial liabilities		50.58	10.00	60.58

As at March 31, 2021	Note No.	Less than 12 months	More than 12 months	Total
Financial liabilities:				
Other payable	11	1.59	-	1.59
Deposits	12	19.89	15.44	35.33
Other financial liabilities	13	3.65	-	3.65
Total		25.13	15.44	40.57

36. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

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

(₹ in crore)

	As at March 31, 2022			As at March 31, 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial assets						
Cash and cash equivalents	4.90	-	4.90	2.14	-	2.14
Bank balance other than cash and cash equivalents above	1.45	-	1.45	1.85	-	1.85
Receivables						
(I) Trade receivables	-	-	-	-	-	-
(II) Other receivables	2.01	-	2.01	-	-	-
Investments	-	9,345.01	9,345.01	-	9,295.27	9,295.27
Other financial assets	-	0.29	0.29	-	0.29	0.29
Non-financial assets						
Income tax assets	-	4.50	4.50	-	1.51	1.51
Property, plant and equipment	-	0.16	0.16	-	0.23	0.23
Other non-financial assets	0.19	-	0.19	2.49	-	2.49
Total assets	8.55	9,349.96	9,358.51	6.48	9,297.30	9,303.78
Financial liabilities						
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	2.83	-	2.83	1.59	-	1.59
Deposits	44.50	10.00	54.50	35.33	-	35.33
Other financial liabilities	3.25	-	3.25	3.65	-	3.65
Non-financial Liabilities						
Income tax liabilities (Net)	-	-	-	0.21	-	0.21
Deferred tax liabilities (Net)	12.02	-	12.02	0.57	-	0.57
Provisions	-	-	-	0.17	-	0.17
Other non-financial liabilities	1.14	-	1.14	1.16	-	1.16
Total liabilities	63.74	10.00	73.74	42.68	-	42.68

37. 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, 2022		Year ended March 31, 2021	
	Average exercise price	Number of options	Average exercise price	Number of options
Opening balance	56.82	10,604,778	61.64	13,281,418
Granted during the year	53.60	1,200,000	-	-
Exercised during the year	49.84	(77,626)	-	-
Forfeited during the year	89.21	(418,690)	80.94	(2,658,640)
Lapsed/expired during the year	55.44	(7,461,964)	48.77	(18,000)
Closing balance	55.11	3,846,498	56.82	10,604,778
Vested and exercisable	55.80	2,646,498	56.82	10,604,778
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, 2022 was ₹ 49.84 (preceding year ₹ Nil).

ii) Share options outstanding at the March 31, 2022 have the following expiry date and exercise prices:

Grant date	Expiry date	Exercise price	Outstanding as at March 31, 2022	Outstanding as at March 31, 2021
02-Sep-13	02-Sep-19 to 02-Sep-21	48.77	-	24,000
07-Aug-14	07-Aug-19 to 07-Aug-21	90.56	-	400,000
05-Oct-15	18-Apr-17 to 05-Oct-23	60.35	809,270	1,175,924
05-Feb-16	05-Feb-22 to 05-Feb-24	41.15	210,000	300,000
29-Apr-16	14-Jul-17 to 29-Apr-23	43.40	70,000	100,000
26-Jul-16	14-Jul-17 to 26-Jul-23	53.90	111,128	158,754
14-Sep-16	14-Sep-22 to 14-Sep-24	59.20	100,000	100,000
14-Mar-17	14-Mar-23 to 14-Mar-25	51.85	42,600	42,600
09-May-17	31-May-18 to 09-May-24	63.25	103,500	103,500
27-Apr-18	27-Apr-23	55.40	1,200,000	8,200,000
10-May-21	09-May-25	53.60	1,200,000	-
Total			3,846,498	10,604,778
Weighted average remaining contractual life of options outstanding at end of period			2.32	2.21

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.

12,00,000 ESOPS were granted during the year ended March 31, 2022 (Preceding year: Nil).

Sr. No	Variables	Year ended March 31, 2022	Year ended March 31, 2021
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 it's 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.

i) 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, 2022 is ₹ 2.01 crores (preceding year ₹ Nil).

ii) 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, 2022 is ₹ (0.47 crore) crores (preceding year ₹ (0.28 crore)).

38. RELATED PARTY TRANSACTIONS

List of related party where transaction exists.

a) Subsidiaries

Direct:

Name	Place of incorporation	Ownership Interest	
		As at March 31, 2022	As at March 31, 2021
IDFC Foundation	India	100%	100%
IDFC Financial Holding Company Limited	India	100%	100%
IDFC Alternatives Limited	India	100%	100%
IDFC Trustee Company Limited	India	100%	100%
IDFC Projects Limited	India	100%	100%

Indirect:

IDFC Asset Management Company Limited

IDFC AMC Trustee Company Limited

IDFC Securities Limited (till June 10, 2020)

b) Associates

Direct:

Novopay Solutions Private Limited

Indirect:

IDFC FIRST Bank Limited

c) Key management personnel

Mr. Sunil Kakar - Managing Director & CEO

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)

Mr. Soumyajit Ghosh - Nominee Director (upto March 25, 2021)

Mr. Anshuman Sharma - Nominee Director (upto March 25, 2021)

Ms. Ritu Anand - Independent director

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, 2022	Year ended March 31, 2021
Short-term employee benefit	5.48	7.16
Long-term employee benefit	0.62	0.62
Total	6.10	7.77

Sitting fees and Commission to directors has been disclosed as "Directors' Sitting Fees" & "Commission to directors" under "other expenses" in note 25.

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

(₹ in crore)

	Subsidiaries		Associates	
	2022	2021	2022	2021
INCOME				
Interest	-	-	-	0.01
EXPENDITURE				
Shared service cost recovery	(0.08)	(0.08)	-	(0.32)
Shared service cost (including reim of exp)	0.15	0.08	0.15	-
CSR contribution	-	0.36	-	-
Interest cost	4.29	2.59	-	-
ASSETS / TRANSACTIONS				
Purchase of Vehicle	-	-	-	0.02
Sale of Office Equipment	-	-	ß	-
Current account balance	-	-	6.27	3.38
Fixed deposits placed	-	-	-	6.00
Fixed deposits matured	-	-	-	6.00
Advances given	-	0.03	-	-
Advances repaid	(0.52)	(0.01)	-	-
Advances / other receivable	0.01	0.52	-	-
Outstanding Equity investment - At cost	9,327.89	9,327.89	35.62	35.62
LIABILITIES / TRANSACTIONS				
Inter-corporate deposits taken	20.00	39.50	-	-
Inter-corporate deposits repaid including interest	5.12	44.54	-	-
Inter-corporate deposits - Balance outstanding	54.50	34.50	-	-
Interest accrued on inter corporate deposit taken - balance outstanding	-	0.83	-	-

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, 2022		As at March 31, 2021	
		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
1	**Related parties**				
	(a) Subsidiaries	9,660.80	9,228.14	9,336.83	9,228.27
	(b) Companies in the same group	-	-	-	-
	(c) Other related parties	-	-	-	-
2	**Other than related parties**	116.87	116.87	67.00	67.00
	Total	9,777.67	9,345.01	9,403.83	9,295.27

(b) Asset Liability Management Maturity pattern of certain items of Assets and Liabilities

(₹ 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	25.00	-	-	5.00	14.50	10.00	-	-	54.50
Advances	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	9,345.01	9,345.01
Borrowing	-	-	-	-	-	-	-	-	-
Foreign currency assets	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-

As at March 31, 2021 (₹ 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	15.00	-	-	5.00	14.50	-	-	-	34.50
Advances	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	9,295.27	9,295.27
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, 2022	As at March 31, 2021
(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	-	-
(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	-	-
(vii)	Bridge loans to companies against expected equity flows/issues	-	-
(viii)	All exposures to Venture Capital Funds (both registered and unregistered)	119.61	77.81
	Total Exposure to Capital Market	119.61	77.81

(d) Penalties / fines imposed by the RBI

During the year ended March 31, 2022 there was no penalty imposed by the RBI (Previous 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, 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)
Performing Assets						
Standard	Standard	2.01	-	2.01	-	-
Non-Performing Assets (NPA)						
Substandard	Stage 3	-	-	-	-	-
Doubtful						
up to 1 year	-	-	-	-	-	-
1 to 3 years	-	-	-	-	-	-
More than 3 years	-	-	-	-	-	-
Loss	Stage 3	-	-	-	-	-
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, 2021 (₹ 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)
Performing Assets						
Standard	-	-	-	-	-	-
Non-Performing Assets (NPA)						
Substandard	Stage 3	-	-	-	-	-
Doubtful						
up to 1 year	-	-	-	-	-	-
1 to 3 years	-	-	-	-	-	-
More than 3 years	-	-	-	-	-	-
Loss	Stage 3	6.42	6.42	-	6.42	-
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		6.42	6.42	-	6.42	-

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, 2022	As at March 31, 2021
Impairment on financial instruments	(0.52)	0.02
Total	(0.52)	0.02

(b) Disclosure of complaints

The following table sets forth, the movement and the outstanding number of complaints:

	For the year ended March 31, 2022	For the year ended March 31, 2021
Shareholders' complaints:		
No. of complaints pending at the beginning of the year	Nil	Nil
No. of complaints received during the year	2	64
No. of complaints disposed off during the year	2	64
No. of complaints remaining unresolved at the end of the year	Nil	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 4th 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)

	Q1 FY22		Q2 FY22		Q3 FY22		Q4 FY22	
Particulars	**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)**
High Quality Liquid Assets								
1. Total High Quality Liquid Assets (HQLA)	0.76	0.76	1.29	1.29	1.52	1.52	1.23	1.23
Cash Outflows								
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	0.84	0.97	1.64	1.89	1.53	1.76	1.03	1.19
7. Other contingent funding obligations	-	-	-	-	-	-	-	-
8. TOTAL CASH OUTFLOWS	**0.84**	**0.97**	**1.64**	**1.89**	**1.53**	**1.76**	**1.03**	**1.19**
Cash Inflows								
9. Secured lending	-	-	-	-	-	-	-	-
10. Inflows from fully performing exposures	-	-	-	-	-	-	-	-
11. Other cash inflows	0.07	0.06	0.02	0.02	0.01	0.01	2.34	1.76
12. TOTAL CASH INFLOWS	**0.07**	**0.06**	**0.02**	**0.02**	**0.01**	**0.01**	**2.34**	**1.76**
		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value		Total Adjusted Value
13. TOTAL HQLA		0.76		1.29		1.52		1.23
14. TOTAL NET CASH OUTFLOWS		0.91		1.87		1.76		0.30
15. LIQUIDITY COVERAGE RATIO (%)		**83%**		**69%**		**86%**		**414%**

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	0.76	0.76	1.29	1.29	1.52	1.52	1.23	1.23
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	-	-	-	-	-	-	-	-
Total HQLA	**0.76**	**0.76**	**1.29**	**1.29**	**1.52**	**1.52**	**1.23**	**1.23**

Particulars	Q3 FY21 Total unweighted value (average)	Q3 FY21 Total weighted value (average)	Q4 FY21 Total unweighted value (average)	Q4 FY21 Total weighted value (average)
High Quality Liquid Assets				
1. Total High Quality Liquid Assets (HQLA)	0.60	0.60	0.96	0.96
Cash Outflows				
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	0.88	1.01	1.47	1.69
7. Other contingent funding obligations	-	-	-	-
8. TOTAL CASH OUTFLOWS	**0.88**	**1.01**	**1.47**	**1.69**
Cash Inflows				
9. Secured lending	-	-	-	-
10. Inflows from fully performing exposures	-	-	-	-
11. Other cash inflows	-	-	-	-
12. TOTAL CASH INFLOWS	**-**	**-**	**-**	**-**
		Total Adjusted Value		Total Adjusted Value
13. TOTAL HQLA		0.60		0.96
14. TOTAL NET CASH OUTFLOWS		1.01		1.69
15. LIQUIDITY COVERAGE RATIO (%)		59%		57%

High Quality Liquid Assets (HQLA)	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	0.60	0.60	0.96	0.96
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	-	-	-	-
Total HQLA	**0.60**	**0.60**	**0.96**	**0.96**

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 has 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.

(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.

(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, 2022)
ARPITA TRADING	Shares held by struck off company	4,500
JALAN HOLDINGS PRIVATE LIMITED		1,500
SAFNA CONSULTANCY PVT LTD		500
YOGESH INVESTMENT PVT.LTD.		200
VINAYAK CONSULTING PRIVATE LIMITED		10
KOTHARI INTERGROUP LTD.		2
VAISHAK SHARES LIMITED		1
DREAMS BROKING PVT LTD		1

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.

47 IMPACT OF COVID

The Company is an investing company for the group. The Company has its investments in subsidiaries and associates of the group. In lights of the Covid-19 outbreak and based on the information available upto the date of the approval of these financial statements, the Company has assessed its liquidity position for the next one year.

The Company has further assessed the recoverability and carrying value of its assets comprising of Property, Plant and Equipment and Investments as at March 31, 2022, and has concluded that there are no material adjustments required in the financial information, other than those already considered. However, the impact assessment of COVID-19 is a continuing process and the Company will continue to monitor the same. The Company will also monitor any material changes to future economic conditions.

48 The figures of ₹ 50,000 or less have been denoted by β.

49 Previous year numbers have been regrouped / rearranged wherever necessary, in order to make them comparable.

For Khimji Kunverji & Co LLP
Chartered Accountants
Firm Registration No. 105146W/ W100621

Gautam V Shah
Partner
Membership Number: 117348

Mumbai, May 20, 2022

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

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

Sunil Kakar
Managing Director & CEO
(DIN: 03055561)

Mahendra N. Shah
Company Secretary
(ACS: 4222)

Bipin Gemani
Chief Financial Officer
(PAN: AACPG6412A)