INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF IDFC LIMITED

Report on the audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated Ind AS financial statements of IDFC Limited ('the Holding Company' or 'the Parent') and its subsidiaries (the Parent and its subsidiaries together referred to as 'the Group'), its associates and joint ventures, which comprise the consolidated balance sheet as at 31 March 2023 and the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information ('the Consolidated Financial Statements').

2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements of such subsidiaries, associates and joint ventures as were audited by the other auditors, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associates and joint ventures as at 31 March 2023, and its consolidated profit and other comprehensive income, consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

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

Emphasis of Matter

4. We draw attention to note 35(f)(i) to the Consolidated Financial Statements mentioning that the Holding Company is in process of appointing new directors on its Board to comply with Regulation 17(1)(c) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Our opinion on the Consolidated Financial Statements is not modified in respect of the above matter.

Key Audit Matters

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

Key Audit Matter	How the matter was addressed in our audit
Assessment of valuation of investments measured at fair value for which no listed price in an active market is available and valuation is carried out basis market information and significant unobservable inputs. (Refer note 38 to the Consolidated Financial Statements.) The Group has investments in Venture Capital Funds ("VCF") units amounting to Rs. 347.82 crores measured at fair value, where no listed price in an active market is available. The corresponding fair value change is recognised in statement of profit and loss in accordance with related Accounting Standard (Ind-AS 109). In measuring the fair value of these investments, the management considers the net asset value ("NAV") declared by the investment managers of the VCF unit. NAV is considered as a significant unobservable input as the Group does not have direct access to the valuations of the underlying portfolio companies in which the VCFs have invested.	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: a. We obtained an understanding from the management, assessed and tested the design and operating effectiveness of the Group's control over assessment of fair value of investments. b. We verified that requisite approvals are in place with regards to Management's assessment of fair valuation of investments in VCF. c. We traced the inputs used in the calculation from the source data (Statement of Accounts, NAV declared etc.) to verify the arithmetical accuracy of the calculation of valuation of investments. d. We evaluated the adequacy of the disclosures in the consolidated 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.

The management also reviews the performance of the portfolio companies on a regular basis by tracking the latest available financial statements/financial information, valuation report of independent valuers, investor communications and basis the said assessment determines whether any discount is required to be applied on the NAV communicated by the investment managers of VCF. The assessment made by the management also takes into consideration the illiquidity considering the said investments are not actively traded in the market. The assessment prepared by the management is placed before the Board of Directors for their approval at regular intervals. Considering the inherent subjectivity in the valuation of the above investments, relative significance of these investments to the consolidated financial statements and the nature and extent of the audit procedures involved, we determined this to be a key audit matter.	

Other Information

6. The Holding Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's annual report, but does not include the Consolidated Financial Statements and our auditors' report thereon. The Other Information is expected to be made available to us after the date of this auditor's report.

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

8. In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and based on the work done / audit report of other auditors, we conclude that there is a material misstatement of this other information, we are required to report that fact.

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

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

10. In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group, its associates and joint ventures are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the Consolidated Financial Statements

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

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

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

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

13.3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

13.4. Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group, its associates and joint ventures to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group, its associates and joint ventures to cease to continue as a going concern.

13.5. Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

13.6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group, its associates and joint ventures to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the Consolidated Financial Statements of which we are the independent auditors. For the other entities included in the Consolidated Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

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

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

Other Matter

17. We draw attention to note 35(a) of the Consolidated Financial Statements which highlights that as part of simplification of corporate structure, the Board of Directors of the Parent along with its three Wholly Owned Subsidiaries ("WOS") IDFC Alternatives Limited, IDFC Trustee Company Limited and IDFC Projects Limited, approved the merger of WOS into the Parent, subject to receiving regulatory approvals from various authorities. Post Board approval, the Parent along with its three WOS has filed scheme of amalgamation with Official Liquidator ("OL") – Chennai and Regional Director / Registrar of Companies ("ROC") – Chennai on 06 December 2021. The ROC, Chennai vide its letter dated 01 February 2022 intimated no observation / suggestions to the aforesaid scheme of amalgamation. Also, the OL of Madras High Court vide its letter dated 24 March 2022 communicated no observation to the aforesaid scheme of amalgamation. The Parent filed petition with National Company Law Tribunal ("NCLT") – Chennai on 13 April 2022. NCLT heard the petition on 20 October 2022 and passed the order on 22 November 2022 in favour of the Parent. Appointed date of the merger is 01 April 2021. Our opinion on the Consolidated Financial Statements is not modified in respect of this matter.

18. We did not audit the financial statements of one subsidiary, whose financial statements reflect total assets of Rs. 10,822.44 crores (before consolidation adjustment) as at 31 March 2023, total revenues of Rs. 3,676.31 crores (before consolidation adjustment) and net cash outflow amounting to Rs.1,930.36 crores (before consolidation adjustment) for the year ended on that date, as considered in the Consolidated Financial Statements. The Consolidated Financial Statements also include the Group's share of net profit of Rs. 974.18 crores for the year ended 31 March 2023, as considered in the Consolidated Financial Statements, in respect of three associates, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiary and associates, and our report in terms of section 143(3) of the Act, in so far as it relates to the aforesaid subsidiary and associates, is based solely on the reports of the other auditors.

19. The Consolidated Financial Statements also include the Group's share of net profit of Rs. Nil for the year ended 31 March 2023, as considered in the Consolidated Financial Statements, in respect of two associates and three joint ventures, whose financial information have not been audited by us. These financial information are unaudited and have been furnished to us by the Management

and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these joint venture and associates, and our report in terms of section 143(3) of the Act in so far as it relates to the aforesaid joint venture and associates, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial information are not material to the Group.

20. The consolidated financial statements also include profit after tax from discontinued operation amounting to Rs. 87.16 crores pertaining to four subsidiaries whose financial statements, upto the date of sale, have not been audited by their auditors. This unaudited financial information have been furnished to us by the Board of Directors and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Board of Directors, since the investment in these subsidiaries is sold and consideration has been received by the Parent on 31 January 2023, the impact of the financial information of these subsidiaries is not material to the Group.

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

Report on Other Legal and Regulatory Requirements

22. As required by section 143(3) of the Act, based on our audit and on the consideration of audit reports of the other auditors on separate financial statements of such subsidiaries, associates and joint ventures as were audited by other auditors, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:

22.1. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.

22.2. In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

22.3. The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flow dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.

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

22.5. On the basis of the written representations received from the directors of the Holding Company as on 31 March 2023, taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, associate companies and joint ventures incorporated in India, none of the directors of the Group companies, its associate companies and joint ventures incorporated in India are disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164(2) of the Act.

22.6. With respect to the adequacy of internal financial controls with reference to the Consolidated Financial Statements of the Holding Company, its subsidiary companies, associate companies and joint ventures incorporated in India and the operating effectiveness of such controls, refer to our separate report in 'Annexure A'.

22.7. In our opinion and according to the information and explanations given to us and based on the reports of the statutory auditors of such subsidiary companies, associate companies and joint ventures incorporated in India which were not audited by us, the remuneration paid during the current year by the Holding Company, its subsidiary companies, associate companies and joint ventures incorporated in India to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company, its subsidiary companies, associate companies and joint ventures incorporated in India is not in excess of the limit laid down under Section 197 of the Act.

23. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of audit reports of the other auditors on separate financial statements of such subsidiaries, associates and joint ventures, as noted in the 'Other Matters' paragraph:

23.1. The Consolidated Financial Statements disclose the impact of pending litigations as at 31 March 2023 on the consolidated financial position of the Group, its associates and joint ventures – Refer Note 32 to the consolidated financial statements.

23.2. The Group, its associates and joint ventures did not have any material foreseeable losses on long-term contracts including derivative contracts.

23.3. There has been no delay in transferring amounts required to be transferred, to the Investor Education and Protection Fund by the Holding Company and/or its subsidiary companies, associate companies and joint ventures incorporated in India during the year ended 31 March 2023.

23.4. The respective managements of the Holding Company, its subsidiaries, associates and joint ventures incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries, associates and joint ventures respectively, to best of their knowledge and belief, that no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiaries, associates and joint ventures to or in any other person(s) or entity(ies), including foreign entities ('Intermediaries'), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company or any of such subsidiaries, associates and joint ventures ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

23.5. The respective managements of the Holding Company, its subsidiaries, associates and joint ventures which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries, associates and joint ventures respectively, to best of their knowledge and belief, that no funds have been received by the Holding Company or any of such subsidiaries, associates and joint ventures from any person(s) or entity(ies), including foreign entities ('Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiaries, associates and joint ventures shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

23.6. Based on such audit procedures, that has been considered reasonable and appropriate in the circumstances, performed by us and those performed by auditors of the subsidiaries, associates and joint ventures incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or other auditors to believe that the representation under para 23.4 and 23.5 contain any material misstatement.

23.7. In our opinion and according to the information and explanations given to us, the dividend declared and / or paid during the year by the Holding Company, its associates and joint ventures incorporated in India is in compliance with Section 123 of the Act.

24. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 (as amended), provides for the feature of recording of audit trail (edit log) facility in the accounting software used by the Group, its associates and joint ventures, incorporated in India for maintenance of books of account, which is applicable to the Group, its associates and joint ventures, incorporated in India from financial year beginning 1 April 2023. The reporting under clause (g) of Rule 11 of Companies (Audit and Auditors) Rules, 2014 would be done from financial year 2023-2024 onwards.

25. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 ('CARO') issued by Central Government in terms of Section 143(11) of the Act, to be included in Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by us for the Parent and based on our consideration of CARO reports issued by respective auditors of the companies included in consolidated financial statements, we report that there are no qualifications or adverse remarks in these CARO reports.

For **KKC & Associates LLP**
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
Firm Registration Number: 105146W/W100621

Devang Doshi
Partner
ICAI Membership No: 140056
UDIN: 23140056BGZQQW1984

Place: Mumbai
Date: 04 May 2023

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF IDFC LIMITED FOR THE YEAR ENDED 31 MARCH 2023

(Referred to in paragraph '22.6' under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

Opinion

1. In conjunction with our audit of the Consolidated Financial Statements of IDFC Limited as of and for the year ended 31 March 2023, we have audited the internal financial controls with reference to the Consolidated Financial Statements of IDFC Limited ('the Holding Company') and its subsidiary companies its associate companies and joint ventures, which are companies incorporated in India, as of that date.

2. In our opinion, the Holding Company and its subsidiary companies, and its associate companies and joint ventures, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls with reference to the Consolidated Financial Statements and such internal financial controls were operating effectively as at 31 March 2023, based on the internal controls over financial reporting criteria established by the respective companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('the Guidance Note').

Management's responsibility for Internal Financial Controls

3. The respective Board of Directors of the Holding Company, its subsidiary companies, its associate companies and joint ventures, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the internal controls over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's responsibility

4. Our responsibility is to express an opinion on the Holding Company, its subsidiaries, its associates and joint ventures, which are companies incorporated in India, internal financial controls with reference to the Consolidated Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing ('SA'), prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to the Consolidated Financial Statements. Those SAs and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to the Consolidated Financial Statements were established and maintained and if such controls operated effectively in all material respects.

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

6. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the 'Other Matters' paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to the Consolidated Financial Statements.

Meaning of Internal Financial controls with reference to the Consolidated Financial Statements

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

Inherent Limitations of Internal Financial Controls with reference to the Consolidated Financial Statements

8. Because of the inherent limitations of internal financial controls with reference to the Consolidated Financial Statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to the Consolidated

Financial Statements to future periods are subject to the risk that the internal financial controls with reference to the Consolidated Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Other Matters

9. Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls system with reference to the Consolidated Financial Statements in so far as it relates to one subsidiary company and three associate companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiary and associates incorporated in India.

For **KKC & Associates LLP**
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
Firm Registration Number: 105146W/W100621

Devang Doshi
Partner
ICAI Membership No: 140056
UDIN: 23140056BGZQQW1984

Place: Mumbai
Date: 04 May 2023

CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2023

(₹ in crore)

	Notes	As at March 31, 2023	As at March 31, 2022
ASSETS			
Financial assets			
Cash and cash equivalents	3	157.94	286.47
Bank balances other than cash and cash equivalents	4	219.52	1.55
Receivables			
(i) Other receivables	5	-	2.01
Investments	6		
- Accounted for using equity method		10,872.80	7,401.21
- Others		347.82	301.26
Other financial assets	7	1.31	1.15
Non-financial assets			
Income tax assets (net)	8	79.97	18.98
Property, plant and equipment	9	0.07	0.17
Other intangible assets	10	-	-
Other non-financial assets	11	2.99	0.29
Assets directly associated with disposal group classified as held for sale	29	3.79	1,151.01
Total assets		11,686.21	9,164.10
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Payables			
(I) Trade payables	12A		
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
(II) Other payables	12B		
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		40.71	4.53
Other financial liabilities	13	5.02	3.25
Non-financial Liabilities			
Income tax liabilities (net)	14	0.55	-
Provisions	15	0.14	-
Deferred tax liabilities (net)	16	36.25	18.08
Other non-financial liabilities	17	6.34	1.36
Liabilities directly associated with disposal group classified as held for sale	29	-	210.24
EQUITY			
Equity share capital	18	1,599.99	1,596.44
Other equity	19	9,997.21	7,330.20
Equity attributable to owners of IDFC Limited		11,597.20	8,926.64
Total liabilities and equity		11,686.21	9,164.10

See accompanying notes to the consolidated financial statements.

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

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

Devang Doshi
Partner
Membership Number: 140056

Mumbai, May 04, 2023

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

Anil Singhvi
Non-Executive Chairman
(DIN: 00239589)

Mahendra N. Shah
Managing Director
(DIN: 00124629)

Shivangi Mistry
Company Secretary
(ACS: 52174)

Bipin Gemani
Chief Financial Officer
(PAN: AACPG6412A)

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2023

(₹ in crore)

	Notes	Year ended March 31, 2023	Year ended March 31, 2022
REVENUE FROM OPERATIONS			
Interest income	20	23.69	0.37
Net gain / (loss) on fair value changes	21	130.14	87.40
Total revenue from operations		153.83	87.77
Other income	22	0.41	3.11
Total income		154.24	90.88
EXPENSES			
Impairment on financial instruments	23	0.73	0.75
Employee benefits expenses	24	7.57	11.06
Depreciation, amortisation and impairment	25	0.08	0.11
Other expenses	26	55.30	14.27
Total expenses		63.68	24.69
Profit/(Loss) before share of net profits of investments accounted for using equity method and tax		90.56	66.19
Share of net profit/(loss) of associates accounted for using equity method		974.18	7.30
Profit/(Loss) before tax from continuing operations		1,064.74	73.49
INCOME TAX EXPENSE:	27		
- Current tax		372.95	45.72
- Deferred tax charge / (credit)		18.17	17.50
- Tax adjustment for prior years		0.29	(2.72)
Total tax expense		391.41	60.50
Profit/(Loss) from continuing operations		673.33	12.99
DISCONTINUED OPERATIONS			
Profit/(loss) from discontinued operations		3,600.27	113.26
Income tax expense of discontinued operations		29.67	61.94
Net profit/(loss) from discontinued operation		3,570.60	51.32
Profit/(loss) for the year		4,243.93	64.31
OTHER COMPREHENSIVE INCOME ('OCI')			
Items that will not be reclassified to profit or loss			
- Remeasurements of post-employment benefit obligations		(0.13)	(0.12)
- OCI arising from discontinued operation		1.53	0.89
- Share of OCI of associates and joint ventures accounted for using equity method		96.91	18.50
- Income tax relating to these items		0.03	0.03
Items that will be reclassified to profit or loss			
- Share of OCI of associates and joint ventures accounted for using equity method		(59.13)	108.53
- OCI arising from discontinued operation		-	-
- Income tax relating to these items		-	-
Other comprehensive income (net of tax)		39.21	127.83
Total comprehensive income		4,283.14	192.14

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2023

(₹ in crore)

	Notes	Year ended March 31, 2023	Year ended March 31, 2022
Net Profit/(Loss) is attributable to:			
- Owners		4,243.89	64.03
- Non-controlling interests		0.04	0.28
Other comprehensive income is attributable to:			
- Owners		39.21	127.83
- Non-controlling interests		-	-
Total comprehensive income is attributable to:			
- Owners		4,283.10	191.86
- Non-controlling interests		0.04	0.28
Total comprehensive income attributable to owners:			
- Continuing operations		711.01	139.93
- Discontinued operations		3,572.13	52.21
Earnings per equity share (for continuing operations):	31		
- Basic (₹)		4.21	0.08
- Diluted (₹)		4.21	0.08
Earnings per equity share (for discontinued operations):			
- Basic (₹)		22.35	0.32
- Diluted (₹)		22.35	0.32
Earnings per equity share (for continuing and discontinued operations):			
- Basic (₹)		26.56	0.40
- Diluted (₹)		26.56	0.40

See accompanying notes to the consolidated financial statements.

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

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

Devang Doshi
Partner
Membership Number: 140056

Mumbai, May 04, 2023

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

Anil Singhvi
Non-Executive Chairman
(DIN: 00239589)

Mahendra N. Shah
Managing Director
(DIN: 00124629)

Shivangi Mistry
Company Secretary
(ACS: 52174)

Bipin Gemani
Chief Financial Officer
(PAN: AACPG6412A)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

A. Equity share capital

(₹ in crore)

	Number	Amount
As at March 31, 2021	1,596,358,316	1,596.36
Issued during the year	77,626	0.08
As at March 31, 2022	1,596,435,942	1,596.44
Issued during the year	3,548,494	3.55
As at March 31, 2023	1,599,984,436	1,599.99

B. Other equity

(₹ in crore)

	Reserves and surplus						Other comprehensive income		
	Securities premium	Special reserve u/s. 36(1) (viii) of the Income-tax Act, 1961	Special reserve u/s. 45-IC of the RBI Act, 1934	General reserve	Surplus in the statement of profit and loss	Share options outstanding account	Foreign currency translation reserve	Equity instru-ments through OCI	Total other equity
As at March 31, 2021	2,505.88	2,642.23	1,169.15	656.79	(375.28)	15.75	0.03	3.97	6,618.52
Profit for the year from continuing and discontinuing operations	-	-	-	-	64.03	-	-	-	64.03
Other comprehensive income / (loss)	-	-	-	-	127.83	-	-	-	127.83
Total comprehensive income for the year	-	-	-	-	191.86	-	-	-	191.86
Transactions with owners in their capacity as owners:									
- Share based payments:									
i) Employee stock option expense for the year	-	-	-	-	-	2.01	-	-	2.01
ii) Options exercised during the year	0.31	-	-	-	-	-	-	-	0.31
iii) Options lapsed during the year	-	-	-	-	-	-	-	-	-
iv) Options cancelled during the year	-	-	-	10.45	-	(11.04)	-	-	(0.59)
- Others	-	-	-	-	(36.39)	-	-	-	(36.39)
- Share of reserves of associates accounted using equity method of accounting net of deferred tax	-	-	-	-	554.46	-	-	-	554.46
- Transfers to/ from:									
i) Special reserve u/s. 45-IC of the RBI Act, 1934	-	-	70.83	-	(70.83)	-	-	-	-
iii) Foreign currency translation reserve [refer note 19C (g)]	-	-	-	-	3.97	-	0.02	(3.97)	0.02
As at March 31, 2022	2,506.19	2,642.23	1,239.98	667.24	267.79	6.72	0.05	-	7,330.20

(₹ in crore)

	Securities premium	Special reserve u/s. 36(1) (viii) of the Income-tax Act, 1961	Special reserve u/s. 45-IC of the RBI Act, 1934	General reserve	Surplus in the statement of profit and loss	Share options outstanding account	Foreign currency translation reserve	Equity instru-ments through OCI	Total other equity
As at March 31, 2022	2,506.19	2,642.23	1,239.98	667.24	267.79	6.72	0.05	-	7,330.20
Profit for the year from continuing and discontinuing operations	-	-	-	-	4,243.89	-	-	-	4,243.89
Other comprehensive income / (loss)	-	-	-	-	39.21	-	-	-	39.21
Total comprehensive income for the year	-	-	-	-	4,283.10	-	-	-	4,283.10
Transactions with owners in their capacity as owners:									-
- Share based payments:									-
i) Employee stock option expense for the year	-	-	-	-	-	-	-	-	-
ii) Options exercised during the year	15.88	-	-	-	-	-	-	-	15.88
iii) Options lapsed during the year	-	-	-	-	-	-	-	-	-
iv) Options cancelled during the year	-	-	-	5.73		(6.72)	-	-	(0.99)
Dividend paid	-	-	-	-	(1,919.63)	-	-	-	(1,919.63)
- Others	-	-	-	-	25.38	-	(0.05)	-	25.33
- Share of reserves of associates accounted using equity method of accounting net of deferred tax	-	-	-	-	263.32	-	-	-	263.32
- Transfers to/ from:									
i) Special reserve u/s. 45-IC of the RBI Act, 1934	-	-	1,222.64	-	(1,222.64)	-	-	-	-
As at March 31, 2023	2,522.07	2,642.23	2,462.62	672.97	1,697.32	-	-	-	9,997.21

See accompanying notes to the consolidated financial statements.

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

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

Devang Doshi
Partner
Membership Number: 140056

For and on behalf of the Board of Directors of
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Non-Executive Chairman
(DIN: 00239589)

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Managing Director
(DIN: 00124629)

Shivangi Mistry
Company Secretary
(ACS: 52174)

Bipin Gemani
Chief Financial Officer
(PAN: AACPG6412A)

Mumbai, May 04, 2023

CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE YEAR ENDED MARCH 31, 2023

(₹ in crore)

	Notes	Year ended March 31, 2023	Year ended March 31, 2022
CASH FLOW FROM OPERATING ACTIVITIES :			
Profit/(Loss) before tax from:			
- Continuing operations		1,064.74	73.49
- Discontinued operations		3,600.27	113.26
- Other Comprehensive Income		39.21	127.83
Profit / (loss) before tax including discontinued operations		4,704.22	314.58
Adjustments :			
Depreciation, amortisation and impairment	25	0.08	0.11
Net loss on sale of property, plant and equipments	26	0.01	-
Impairment of financial instruments	23	0.73	(0.75)
Employee share based payment expense	24	(2.10)	1.54
Net gain / loss on sale of investments including fair valuation	21	(130.14)	(87.40)
Interest income	20	(23.69)	(0.37)
Operating profit / (loss) before working capital changes		4,549.11	227.71
Adjustments for (increase)/ decrease in operating assets:			
Trade receivables	5	2.01	10.75
Other financial assets	7	0.09	12.21
Other non financial assets	11	(2.70)	23.37
Adjustments for increase/ (decrease) in operating liabilities			
Trade payables	12	36.18	(11.25)
Other financial liabilities	13	1.77	(32.76)
Other non financial liabilities	15 & 17	5.12	(77.04)
Cash (used in) / generated from operations		42.47	(74.72)
Less : Income taxes paid (net of refunds)		(463.37)	(109.65)
Net cash inflow / (outflow) from operating activities		4,128.21	43.34
CASH FLOW FROM INVESTING ACTIVITIES :			
Proceeds from sale of disposal group classified as held for sale	29	936.99	(161.61)
Decrease / (Increase) in investments	6	(3,098.24)	288.68
Decrease / (Increase) in property, plant and equipments	9	0.01	20.33
Right of use Assets		-	34.27
Interest received		22.71	0.21
Bank fixed deposits places / matured	4	(217.97)	21.83
Net cash inflow / (outflow) from investing activities		2,356.50	203.71
CASH FLOW FROM FINANCING ACTIVITIES :			
Issue of fresh equity shares	18 & 19	19.43	0.39
Decrease in minority interest		0.04	(3.08)
Dividend paid to shareholders	19	(1,919.63)	-
Net cash inflow / (outflow) from financing activities		(1,900.24)	(2.69)
NET INCREASE / (DECREASE) IN CASH AND BANK BALANCES		(128.53)	244.36
Add : Cash and cash equivalents at beginning of the year	3	286.47	42.11
Cash and cash equivalents at end of the year	3	157.94	286.47

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

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

Devang Doshi
Partner
Membership Number: 140056

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

Anil Singhvi
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Company Secretary
(ACS: 52174)

Bipin Gemani
Chief Financial Officer
(PAN: AACPG6412A)

Mumbai, May 04, 2023

BACKGROUND

IDFC Limited ('the Company') having CIN "L65191TN1997PLC037415" is a public limited company incorporated in India under the provisions of Companies Act, applicable in India and is a Non-Banking Finance Company (NBFC) regulated by the Reserve Bank of India ('RBI' The registered office of the Company is located 4th Floor, Capitale Tower, 555 Anna Salai, Thiru Vi Ka Kudiyiruppu, Teynampet Chennai – 600 018 , Tamil Nadu and corporate office 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 financial statements are for the group consisting the Company, its subsidiaries and associates. The Group has interests in Banking and Asset Management business. In accordance with RBI guideline on licensing of new bank in private sector, the Group has implemented Holding Company structure through its 100% subsidiary, IDFC Financial Holding Company Limited ('IDFC FHCL'). Under the guidelines, all regulated financial services entities should be held through a Non-Operating Financial Holding Company. Non-financial services entities i.e. IDFC Projects Limited, IDFC Alternatives Limited, IDFC Trustee Company Limited and IDFC Foundation are direct subsidiaries of the Company.

All investment in regulated financial subsidiaries i.e. IDFC Asset Management Company Limited and IDFC AMC Trustee Company Limited are held through its wholly owned subsidiary, IDFC FHCL. Investments in associates comprise of IDFC First Bank Limited which is also held through IDFC FHCL.

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

These consolidated financial statements were authorised for issue by the Board of Directors on May 04, 2023.

The Group along with its three wholly owned subsidiaries viz. IDFC Projects Limited, IDFC Trustee Company Limited and IDFC Alternatives Limited had filed scheme of amalgamation with Official Liquidator ('OL') – Chennai on December 06, 2021 and to Regional Director ('RD') /Registrar of Companies ('ROC') – Chennai through GNL-1 form on December 06, 2021 seeking their objections / suggestions to the said scheme under Section 233 (1) (a) of the Companies Act, 2013 and rules made thereunder. Physical copies of the same have also been filed with the ROC on December 08, 2021. Appointed date for the merger in the scheme is April 1, 2021

The ROC, Chennai vide its letter dated February 01, 2022 intimated it's no observations/suggestions to the aforesaid scheme of amalgamation. Also, the OL of Madras High Court vide its letter dated March 24, 2022, communicated it's no observations to the aforesaid scheme of amalgamation.

The Company filed petition with National Company Law Tribunal (NCLT) – Chennai on April 13, 2022. NCLT heard the petition on October 20, 2022 and passed the order on November 22, 2022 in favor of the Company. The order is effective from December 09, 2022.

Post approval from NCLT, IDFC Alternatives Limited, IDFC Trustee Company Limited and IDFC Projects Limited are merged with the Holding Company and are no more subsidiaries of the Group.

1. SIGNIFICANT ACCOUNTING POLICIES

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

a) Basis of preparation

(i) Compliance with Ind AS

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

(ii) Historical cost convention

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

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

(iii) Order of liquidity

The Group is covered in the definition of Non-Banking Financial Company as defined in Companies (Indian Accounting Standards) (Amendment) Rules, 2016. Pursuant to Ind AS 1 and amendment to Division III of Schedule III to the Companies Act, 2013 on October 11, 2018, the Group presents its balance sheet in the order of liquidity. This is since the Group does not supply goods or services within a clearly identifiable operating cycle, therefore making such presentation more relevant. A maturity analysis of recovery or settlement of assets and liabilities within 12 months after the reporting date and more than 12 months after the reporting date is presented in Note 37.

b) Principles of consolidation and equity accounting

(i) *Subsidiaries*

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

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

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

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

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

(ii) *Associates*

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

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

(iii) *Joint ventures*

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

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

(iv) *Equity method*

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

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

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

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

(v) *Changes in ownership interests*

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

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

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

c) Segment reporting

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

The board of directors of IDFC Limited assesses the financial performance and position of the Group and makes strategic decisions. The board of directors, which has been identified as being the chief operating decision maker, consists of the directors of the Group (both executive and independent). Refer note 30 for segment information presented.

d) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

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

(iii) Group companies

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

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

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

e) Financial instruments

Initial Recognition and Measurement

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

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

Financial assets

(i) Classification and subsequent measurement of financial assets:

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

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

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

Debt Instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective such as loans, mutual fund units, venture capital fund and corporate bonds.

For investments in debt instruments, measurement will depend on the classification of debt instruments depending on:

(i) the Group's business model for managing the asset; and

(ii) the cash flow characteristics of the asset.

Business model assessment

The business model reflects how the Group manages the assets to generate cash flows. The business model determines whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable or when performance of portfolio of financial assets managed is evaluated on a fair value basis, then the financial assets are classified as part of 'other' business model and measured at FVTPL. A portfolio of financial assets that is managed and whose performance is evaluated on a fair value basis is neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective**.** The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- experience on how the cash flows for these assets were collected,
- how the asset's performance and the business model is evaluated and reported to key management personnel,
- the risks that affect the performance of the business model and how these risks are assessed and managed,
- how managers are compensated.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Solely Payment of Principle and Interest ("SPPI") Assessment

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk associated with the principal amount outstanding, other basic lending risks (for e.g. liquidity risk) and a profit margin that is consistent with a basic lending arrangement. When assessing a financial asset with a modified time value of money element, the Group consider both qualitative and quantitative characteristics to determine whether the modified time value of money element provides consideration for just the passage of time.

Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

The Group reclassifies debt investments when and only when its business model for managing those assets changes. Such changes are expected to be very infrequent and none occurred during the period.

Based on these factors, the Group classifies its debt instruments into one of the following three measurement categories:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost e.g. debentures, bonds etc. A gain or loss on a debt investment that is subsequently measured at amortised cost is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in investment income using the effective interest rate method.

Fair value through other comprehensive income: Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost that are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'Net Investment income'. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method, considering any discount/ premium and qualifying transaction costs being an integral part of instrument.

Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or fair value through OCI, are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented in the statement of profit and loss within other gains/(losses) in the period in which it arises.

Equity Instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

The Group measures all equity investments at fair value through profit or loss, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

The Group has designated at FVOCI investments in a small portfolio of equity securities. The Group chose this presentation alternative because the investments were made for strategic purposes rather than with a view to profit on a subsequent sale, and there are no plans to dispose of these investments in the short or medium term.

Gains and losses on equity investments at FVTPL are included in the statement of profit or loss.

(ii) Impairment

The Group assesses on a forward-looking basis the expected credit loss ('ECL') associated with its financial instrument. The Group recognises a loss allowance for such losses at each repotting date. The measurement of ECL reflects:

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

Note 39 provides more detail of how the expected credit loss allowance is measured.

Trade receivables and contract assets

For trade receivables, the Group applies the simplified approach required by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company uses a provision matrix to determine impairment loss allowance on its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated for changes in the forward-looking estimates.

Trade receivable are initially recognised at transaction price.

Interest Income

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

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

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

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

(iii) Modification of loans

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

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

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

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

(iv) De-recognition of financial assets

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

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

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

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

Financial liabilities and equity instruments

(i) **Classification as debt or equity:**

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

Equity instruments

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

(ii) **Classification and subsequent measurement**

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

(iii) **De-recognition of financial liabilities**

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

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

f) Derivative financial instruments

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

g) Offsetting financial instruments

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

h) Revenue recognition

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

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

(i) *Brokerage fees income*

a) Brokerage fees – over time

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

b) Brokerage fees – point in time

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

(ii) *Interest Income*

Interest income is recognised using effective interest rate method.

(iii) *Dividend income*

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

(iv) *Fees, commission and other income*

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

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

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

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

i) Income Tax

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

(i) *Current tax*

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

(ii) *Deferred tax*

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

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

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

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

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

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

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

j) Goods and service tax

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

(i) when the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case,

the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable

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

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

k) Leases

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

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

Group as a lessee

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

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

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

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

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

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

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

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

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

Group as a lessor

Lease income from operating leases where the group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature.

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

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

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

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

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

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

m) Cash and cash equivalents

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

n) Statement of Cash Flows

Statement of Cash Flows is prepared segregating the cash flows into operating, investing and financing activities. Cash flow from operating activities is reported using indirect method adjusting the net profit for the effects of:

i. changes during the period in inventories and operating receivables and payables transactions of a non-cash nature;

ii. non-cash items such as depreciation, provisions, deferred taxes, unrealised foreign currency gains and losses, and undistributed profits of associates and joint ventures; and

iii. all other items for which the cash effects are investing or financing cash flows.

Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as on the date of Balance Sheet.

o) Property, plant and equipment

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

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

(i) *Depreciation methods estimated useful lives and residual value*

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

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

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

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

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

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

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

p) Intangible assets

(i) *Goodwill*

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

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

(ii) *Computer Software*

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

q) Impairment of non-financial asset

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

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

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

r) Retirement and other employee benefits

(i) *Defined contribution plan*

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

(ii) *Defined benefit plan*

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

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

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

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

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

(iii) *Compensated absences*

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

s) Provisions, contingent liabilities and Commitments

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

Contingent liability is disclosed in case of:

i. a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; and

ii. a present obligation arising from past events when no reliable estimate is possible.

Commitments are future liabilities for contractual expenditure, classified and disclosed as follows:

i. estimated amount of contracts remaining to be executed on capital account and not provided for;

ii. uncalled liability on shares and other investments partly paid;

iii. other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

t) Borrowing costs

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

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

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

u) Share-based payments

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

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

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

For cash-settled share-based payments, the fair value of the amount payable to employees is recognised as 'employee benefit expenses' with a corresponding increase in liabilities, over the period of non-market vesting conditions getting fulfilled. The liability is remeasured at each reporting period up to, and including the settlement date, with changes in fair value recognised in employee benefits expenses. Refer Note 40 for details.

v) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

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

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

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

w) Contributed Equity

Equity shares are classified as equity.

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

x) Dividends

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

y) Rounding off

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

z) New and amended standards adopted

The Company has applied the following amendments to Ind AS for the first time for their annual reporting period commencing April 01, 2022:

- Indian Accounting Standard (Ind AS) 101
- Indian Accounting Standard (Ind AS) 103
- Indian Accounting Standard (Ind AS) 109
- Indian Accounting Standard (Ind AS) 16
- Indian Accounting Standard (Ind AS) 37
- Indian Accounting Standard (Ind AS) 41

Standards issued but not yet effective upto the date of issuance of the financial statements:

Ministry of Corporate affairs have made changes on March 31, 2023, in the following Indian Accounting Standards (Ind AS) amended namely:

Indian Accounting Standard (Ind AS) 101

- Indian Accounting Standard (Ind AS) 102
- Indian Accounting Standard (Ind AS) 103
- Indian Accounting Standard (Ind AS) 107
- Indian Accounting Standard (Ind AS) 109
- Indian Accounting Standard (Ind AS) 115
- Indian Accounting Standard (Ind AS) 1
- Indian Accounting Standard (Ind AS) 8
- Indian Accounting Standard (Ind AS) 12
- Indian Accounting Standard (Ind AS) 34

These amendments shall be applicable from annual reporting periods beginning on or after April 01, 2023.

2. SIGNIFICANT ACCOUNTING JUDGMENTS ESTIMATES AND ASSUMPTIONS

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

Judgements

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

a) Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility. For further details about determination of fair value please see Note 39.

b) Consolidation decision

For details regarding consolidation of;

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

ii) Section 8 company, as a subsidiary, Refer note 42.

3. CASH AND CASH EQUIVALENTS

(₹ in crore)

	As at March 31, 2023	As at March 31, 2022
Cash on hand	ß	ß
Balances with banks:		
- In current accounts	3.39	61.48
- In saving accounts	-	1.29
- In deposit accounts	154.55	223.70
Total	157.94	286.47

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

4. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in crore)

	As at March 31, 2023	As at March 31, 2022
Balances with banks:		
- In earmarked accounts		
Unclaimed dividend	1.02	1.45
- In deposit accounts	218.50	0.10
Total	219.52	1.55

5. OTHER RECEIVABLES

(₹ in crore)

	As at March 31, 2023	As at March 31, 2022
Receivables considered good - Unsecured	-	2.01
Receivables - Credit impaired	-	-
(less): Allowance for impairment loss	-	-
Total	-	2.01

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

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

6. INVESTMENTS

(₹ in crore)

	At fair value through				
	Other comprehensive income	Profit or loss	Subtotal	Others*	Total
As at March 31, 2023					
Venture Capital Fund (VCFs)@	-	347.82	347.82	-	347.82
Associates	-	-	-	10,872.80	10,872.80
Total (A) - Gross	-	347.82	347.82	10,872.80	11,220.62
(Less): Impairment loss allowance	-	-	-	-	-
Total (A) - Net	-	347.82	347.82	10,872.80	11,220.62
Investments outside India	-	-	-	-	-
Investments in India	-	347.82	347.82	10,872.80	11,220.62
Total (B) - Gross	-	347.82	347.82	10,872.80	11,220.62
(Less): Impairment loss allowance	-	-	-	-	-
Total (B) - Net	-	347.82	347.82	10,872.80	11,220.62

6. INVESTMENTS (CONTD.)

(₹ in crore)

	At fair value through				
	Other comprehensive income	Profit or loss	Subtotal	Others*	Total
As at March 31, 2022					
Venture Capital Fund (VCFs)@	-	301.26	301.26	-	301.26
Associates	-	-	-	7,401.21	7,401.21
Joint Ventures	-	-	-	105.60	105.60
Total (A) - Gross	-	301.26	301.26	7,506.81	7,808.07
(Less): Impairment loss allowance (see note i)	-	-	-	(105.60)	(105.60)
Total (A) - Net	-	301.26	301.26	7,401.21	7,702.47
Investments outside India	-	-	-	-	-
Investments in India	-	301.26	301.26	7,506.81	7,808.07
Total (B) - Gross	-	301.26	301.26	7,506.81	7,808.07
(Less): Impairment loss allowance	-	-	-	(105.60)	(105.60)
Total (B) - Net	-	301.26	301.26	7,401.21	7,702.47

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

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

i) IDFC Foundation a wholly owned subsidiary, holds investments in two joint venture entities namely Delhi Integrated Multi Modal Transit Systems Limited and Infrastructure Development Corporation (Karnataka) Limited ("JV entities"). Board of Directors of the Holding Company had approved the divestment of these JV entities and have taken necessary steps for the same accordingly, these entities are being classified as assets held for sale. As per IndAS 105 Non-Current Assets Held for Sale needs to be valued at lower of the carrying cost and net realisable value. IDFC Foundation, being a Section 8 company, it prohibits payment of dividend and repatriation of capital back to shareholder, accordingly, the net realisable value of said asset held for sale for the Holding Company is considered as Nil and the figure for the year ended March 31, 2022 are net of write down of Rs. 105.60 crore which was the carrying value of these JV entities.

ii) More information regarding the valuation methodologies are disclosed in Note 38.

7. OTHER FINANCIAL ASSETS

(₹ in crore)

	As at March 31, 2023	As at March 31, 2022
Interest accrued on deposits / other advances	1.39	0.41
Security deposits	0.25	0.29
Other receivables	-	0.05
Other deposits	0.63	0.63
Total (A) - Gross	2.27	1.38
(Less): Impairment loss allowance	(0.96)	(0.23)
Total (B) - Net	1.31	1.15

8. INCOME TAX ASSETS

(₹ in crore)

	As at March 31, 2023	As at March 31, 2022
Advance payment of Income tax (net of provision)	79.97	18.98
Total	79.97	18.98

9. PROPERTY, PLANT AND EQUIPMENT

(₹ in crore)

	Leasehold improvements	Furniture and fixtures	Vehicles	Office Equipments	Computers	Total
Year ended March 31, 2022						
Opening gross carrying amount	9.08	1.98	3.18	3.44	13.42	31.10
Additions	0.32	0.05	-	β	0.07	0.44
Assets included in disposal group classified as held for sale	(5.99)	(1.94)	(2.66)	(3.17)	(13.33)	(27.09)
Disposals	(3.41)	(0.09)	β	(0.12)	(0.04)	(3.66)
Closing gross carrying amount	-	-	0.52	0.15	0.12	0.79
Accumulated depreciation						
Opening accumulated depreciation	3.04	0.80	1.87	2.36	6.98	15.05
Depreciation charge during the year	1.76	0.03	0.08	0.10	0.06	2.03
Assets included in disposal group classified as held for sale	(3.04)	(0.83)	(1.55)	(2.32)	(6.96)	(14.70)
Disposals	(1.76)	-	-	-	-	(1.76)
Closing accumulated depreciation	-	-	0.40	0.14	0.08	0.62
Net carrying amount as at March 31, 2022	-	-	0.12	0.01	0.04	0.17
Year ended March 31, 2023						
Gross carrying amount						
Opening gross carrying amount	-	-	0.52	0.15	0.12	0.79
Additions	-	-	-	β	0.04	0.04
Disposals	-	-	(0.52)	β	-	(0.52)
Closing gross carrying amount	-	-	-	0.15	0.16	0.31
Accumulated depreciation						
Opening accumulated depreciation	-	-	0.40	0.14	0.08	0.62
Depreciation charge during the year	-	-	0.06	β	0.02	0.08
Disposals	-	-	(0.46)	-	-	(0.46)
Closing accumulated depreciation	-	-	-	0.14	0.10	0.24
Net carrying amount as at March 31, 2023	-	-	-	0.01	0.06	0.07

10. INTANGIBLE ASSETS

(₹ in crore)

	Computer software	Total
Year ended March 31, 2022		
Opening gross carrying amount	13.44	13.44
Additions	-	-
Assets included in a disposal group classified as held for sale	(13.44)	(13.44)
Disposals and transfers	-	-
Closing gross carrying amount	-	-
Accumulated amortisation		
Opening accumulated amortisation	8.88	8.88
Amortisation during the year	-	-
Assets included in a disposal group classified as held for sale	(8.88)	(8.88)
Disposals and transfers	-	-
Closing accumulated amortisation	-	-
Net carrying amount as at March 31, 2022	-	-

11. OTHER NON-FINANCIAL ASSETS

(₹ in crore)

	As at March 31, 2023	As at March 31, 2022
Prepaid expenses	0.19	0.21
Balances with government authorities - cenvat credit available	1.96	1.96
Other advances	2.80	0.08
Less: Allowance for impairment loss	(1.96)	(1.96)
Total	2.99	0.29

12A. TRADE PAYABLES

(₹ in crore)

	As at March 31, 2023	As at March 31, 2022
- Total outstanding dues of micro enterprises and small enterprises	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	-	-
Total	-	-

12B. OTHER PAYABLES

(₹ in crore)

	As at March 31, 2023	As at March 31, 2022
- Total outstanding dues of micro enterprises and small enterprises	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	40.71	4.53
Total	40.71	4.53

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

(₹ in crore)

	As at March 31, 2023	As at March 31, 2022
Outstanding principal amount and interest due to suppliers registered under MSMED Act and remaining unpaid at the year end:		
- Principal amount	-	-
- Interest due thereon	-	-
Interest paid other than under section 16 of MSMED Act, to suppliers registered under MSMED Act, beyond the appointed day during the period.	-	-
Interest paid under section 16 of MSMED Act, to suppliers registered under MSMED Act, beyond the appointed day during the period.	-	-
Amount of interest due and payable (where the principal has already been paid but interest has not been paid).	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
The amount of further interest remaining due and payable even in succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of MSMED Act.	-	-

13. OTHER FINANCIAL LIABILITIES

(₹ in crore)

	As at March 31, 2023	As at March 31, 2022
Unclaimed dividend	1.02	1.45
Employee benefit payable	4.00	1.80
Total	5.02	3.25

14. INCOME TAX LIABILITIES

(₹ in crore)

	As at March 31, 2023	As at March 31, 2022
Provision for income tax (net of advance tax)	0.55	-
Total	0.55	-

15. PROVISIONS

(₹ in crore)

	As at March 31, 2023	As at March 31, 2022
Provision for gratuity [Refer note 28(b)]	0.14	-
Asset Restoration Obligations *	-	-
Total	0.14	-

* Movement in Asset Restoration Obligations

(₹ in crore)

	As at March 31, 2023	As at March 31, 2022
At the beginning of year	-	0.21
Provision created during the year	-	-
Provision included in a disposal group classified as held for sale	-	(0.21)
Reversed during the year	-	-
At the end of year	-	-

16. DEFERRED TAX LIABILITIES

The balance comprises temporary differences attributable to:

(₹ in crore)

	As at March 31, 2023	As at March 31, 2022
Financial assets at fair value through profit or loss	36.25	18.08
Total deferred tax liabilities	36.25	18.08

17. OTHER NON-FINANCIAL LIABILITIES

(₹ in crore)

	As at March 31, 2023	As at March 31, 2022
Statutory dues	3.54	1.36
Other Payables	2.80	-
Total	6.34	1.36

18. EQUITY SHARE CAPITAL

(₹ in crore)

	As at March 31, 2023		As at March 31, 2022	
	Number	₹	Number	₹
Authorised shares				
Equity shares of ₹ 10 each	4,367,100,000	4,367.10	4,367,100,000	4,367.10
Preference shares of ₹ 100 each	100,000,000	1,000.00	100,000,000	1,000.00
Issued, subscribed & fully paid-up shares				
Equity shares of ₹ 10 each	1,599,984,436	1,599.99	1,596,435,942	1,596.44
Total	1,599,984,436	1,599.99	1,596,435,942	1,596.44

*Upon the scheme of amalgamation coming into effect, authorised equity shares of the IDFC Alternatives Limited, IDFC Trustee Company Limited and IDFC Projects Limited is now merged with the authorised share capital of IDFC Limited effective December 09, 2022.

a) Movements in equity share capital

(₹ in crore)

	As at March 31, 2023		As at March 31, 2022	
	Number	₹	Number	₹
Outstanding at the beginning of the year	1,596,435,942	1,596.44	1,596,358,316	1,596.36
Shares issued during the year	3,548,494	3.55	77,626	0.08
Outstanding at the end of the year	1,599,984,436	1,599.99	1,596,435,942	1,596.44

b) Terms and rights attached to equity shares

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

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

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

c) Shares reserved for issue under options

During the year ended March 31, 2023 the Company issued 35,48,494 equity shares (previous year 77,626 equity shares) of face value of ₹ 10 each pursuant to exercise of stock option by employees under the employee stock option scheme. Information relating to the IDFC Limited Employee Stock Option Scheme (ESOS), including details regarding options issued, exercised and lapsed during the year and options outstanding at the end of the reporting period is set out in note 40.

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

Equity shareholders	As at March 31, 2023		As at March 31, 2022	
	Number	% holding	Number	% holding
President of India	261,400,000	16.37%	261,400,000	16.37%

19A. OTHER EQUITY

(₹ in crore)

	As at March 31, 2023	As at March 31, 2022
Surplus in the statement of profit and loss	1,697.32	267.79
Securities premium	2,522.07	2,506.19
General reserve	672.97	667.29
Special reserve u/s. 36(1)(viii) of the Income-tax Act, 1961	2,642.23	2,642.23
Statutory reserves	2,462.62	1,239.98
Share options outstanding account	-	6.72
Foreign currency translation reserve	-	0.05
Total	9,997.21	7,330.20

a) Surplus in the statement of profit and loss

(₹ in crore)

	As at March 31, 2023	As at March 31, 2022
Opening balance	267.79	(375.28)
Net profit for the period	4,243.89	64.03
Other comprehensive income	39.21	127.83
Dividends paid	(1,919.63)	-
- Others	25.38	(36.39)
- Share of reserves of associates accounted using equity method of accounting	263.32	554.46
Transfers to/ from :		
- Special reserve u/s. 45-IC of the RBI Act,1934	(1,222.64)	(70.83)
- Equity instruments through OCI	-	3.97
Closing Balance	1,697.32	267.79

b) Securities premium

(₹ in crore)

	As at March 31, 2023	As at March 31, 2022
Opening balance	2,506.19	2,505.88
Options exercised during the year	15.88	0.31
Closing balance	2,522.07	2,506.19

c) General reserve

(₹ in crore)

	As at March 31, 2023	As at March 31, 2022
Opening balance	667.24	656.79
Appropriations during the year	5.73	10.45
Closing balance	672.97	667.24

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

(₹ in crore)

	As at March 31, 2023	As at March 31, 2022
Opening balance	2,642.23	2,642.23
Appropriations during the year	-	-
Closing balance	2,642.23	2,642.23

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

(₹ in crore)

	As at March 31, 2023	As at March 31, 2022
Opening balance	1,239.98	1,169.15
Appropriations during the year	1,222.64	70.83
Closing balance	2,462.62	1,239.98

f) Share options outstanding account

		(₹ in crore)
	As at March 31, 2023	As at March 31, 2022
Opening balance	6.72	15.75
Employee stock option expense for the year	-	2.01
Options cancelled during the year	(6.72)	(11.04)
Closing balance	-	6.72

19B. OTHER RESERVES

		(₹ in crore)
	As at March 31, 2023	As at March 31, 2022
FVOCI - equity investments	-	-
Foreign currency translation reserve	-	0.05
Total	-	0.05

a) FVOCI - equity investments

		(₹ in crore)
	As at March 31, 2023	As at March 31, 2022
Opening balance	-	3.97
Transfer to retained earnings	-	(3.97)
Closing balance	-	-

b) Foreign currency translation reserve

		(₹ in crore)
	As at March 31, 2023	As at March 31, 2022
Opening balance	0.05	0.03
Exchange differences on translation of foreign operations	(0.05)	0.02
Transfer to retained earnings	-	-
Closing balance	-	0.05

19C. Nature and purpose of reserve

a) Securities premium

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

b) General reserve

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

c) FVOCI - equity investments

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

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

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

e) Share options outstanding account

The share options outstanding account is used to recognise the grant date fair value of options issued to employees under Employee Stock Option Scheme (ESOS) over the vesting period. (Refer Note 40)

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

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

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

g) **Foreign currency translation reserve**

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

20 INTEREST INCOME

(₹ in crore)

	Year ended March 31, 2023	Year ended March 31, 2022
On financial assets measured at amortised costs:		
Interest income	23.69	0.37
Total	23.69	0.37

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

(₹ in crore)

	Year ended March 31, 2023	Year ended March 31, 2022
Net gain/(loss) on financial instruments at fair value through profit or loss (FVTPL)		
On financial instruments designated at FVTPL		
- Mutual fund units	6.04	1.40
- Venture capital units	124.10	86.00
Total (A)	130.14	87.40
Fair value changes:		
Realised	62.84	12.57
Unrealised	67.30	74.83
Total (B)	130.14	87.40

22. OTHER INCOME

(₹ in crore)

	Year ended March 31, 2023	Year ended March 31, 2022
Interest on income tax refund	-	ß
Other interest	0.41	0.51
Miscellaneous income	-	2.60
Total	0.41	3.11

23. IMPAIRMENT ON FINANCIAL INSTRUMENTS

(₹ in crore)

	Year ended March 31, 2023	Year ended March 31, 2022
On Financial instruments measured at Amortised Cost:		
Advances	0.73	(0.75)
Total	0.73	(0.75)

24. EMPLOYEE BENEFIT EXPENSE

(₹ in crore)

	Year ended March 31, 2023	Year ended March 31, 2022
Salaries, wages and bonus	9.10	8.78
Contribution to provident and other funds [Refer note 28(a)]	0.56	0.70
Gratuity expense [Refer note 28(b)]	0.01	0.02
Employee share based payment expense [Refer note 40(d)]	(2.10)	1.54
Staff welfare expense	-	0.02
Total	7.57	11.06

25. DEPRECIATION, AMORTISATION AND IMPAIRMENT

(₹ in crore)

	Year ended March 31, 2023	Year ended March 31, 2022
Depreciation of property, plant and equipment (see note 9)	0.08	0.11
Total	0.08	0.11

26. OTHER EXPENSES

(₹ in crore)

	Year ended March 31, 2023	Year ended March 31, 2022
Rent	0.82	0.59
Rates and taxes	7.35	1.89
Insurance charges	0.13	0.14
Travelling and conveyance	0.31	0.06
Printing and stationery	(0.08)	0.01
Communication costs	0.04	0.02
Advertising and publicity	0.06	0.05
Professional fees	37.94	7.44
Directors' sitting fees	0.91	1.16
Commission to directors	6.76	0.94
Loss on disposal of property, plant and equipment (net)	0.01	-
Contribution for corporate social responsibility (CSR) [Refer note (b) below]	0.18	1.01
Auditors' remuneration [refer note (a) below]	0.49	0.55
Shared service costs	0.04	0.25
Bank charges	ß	ß
Miscellaneous expenses	0.34	0.16
Total	55.30	14.27

a) Breakup of Auditors' remuneration

(₹ in crore)

	Year ended March 31, 2023	Year ended March 31, 2022
Audit fees	0.34	0.32
Tax audit fees	0.02	0.04
Certification fees	0.03	-
Other Services	0.09	0.19
Out-of-pocket expenses	0.01	ß
Total	0.49	0.55

b) Contribution for corporate social responsibility (CSR)

i) The average profit before tax of the Group for last three financial years was ₹ 9.01 crore, basis which the Group's prescribed CSR Budget for FY 2022-23 was ₹ 0.18 crore.

As per Section 135 of the Companies Act, 2013, amount required to be spent by the Group on Corporate Social Responsibility (CSR) related activities during the year is ₹ 0.18 crore (previous year ₹ 1.01 crore).

ii) Amount spent towards CSR during the year and recognised as expense in the Statement of Profit and Loss on CSR related activities is ₹ 0.18 crore (previous year ₹ 1.01 crore), which comprise of following:

(₹ in crore)

	Year ended March 31, 2023	Year ended March 31, 2022
CSR Expenditure:		
Social Action For Manpower Creation - SAMPARC	0.10	0.36
Yosaid Innovation Foundation	0.05	0.35
Tezpur Mahila Samiti	0.03	-
GOONJ	-	0.10
IIMPACT	-	0.10
INDIAN CANCER SOCIETY	-	0.10
	0.18	1.01
Amount spent during the year on:		
(i) Construction/acquisition of an asset	-	-
(ii) On purposes other than (i) above	0.18	1.01
Total	0.18	1.01

(iii) Details of CSR expenditure under Section 135(5) of the Act in respect of other than ongoing projects

(₹ in crore)

Balance unspent as at April 1, 2022	Amount deposited in Specified Fund of Schedule VII of the Act within 6 months	Amount required to be spent during the year	Amount spent during the year	Balance unspent as at March 31, 2023
-	-	-	-	-

(iv) Details of excess CSR expenditure under Section 135(5) of the Act

(₹ in crore)

Balance excess spent as at April 1, 2022	Amount required to be spent during the year	Amount spent during the year	Balance excess spent as at March 31, 2023
-	-	-	-

(v) Details of ongoing CSR projects under Section 135(6) of the Act

(₹ in crore)

Balance as at April 1, 2022			Amount spent during the year		Balance as at March 31, 2023	
With the Group	In separate CSR unspent account	Amount required to be spent during the year	From the Group's bank account	From Separate CSR Unspent account	With the Group	In separate CSR unspent account
-	-	-	-	-	-	-

(vi) Nature of CSR activities

CSR activities conducted during the year was focused on promoting healthcare, overall care, education and maintenance of orphan children, financial support for the women empowerment, among other interventions.

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

27. INCOME TAX

a) The components of income tax expense for the years ended March 31, 2023 and March 31, 2022 are: (₹ in crore)

	Year ended March 31, 2023	Year ended March 31, 2022
I. Tax expense recognised in statement of profit and loss		
Current tax		
Current tax on profit for the year	402.62	107.66
Adjustments for current tax of prior years	0.29	2.72
Total current tax expense	402.91	104.94
Deferred tax		
(Decrease) / Increase in deferred tax liabilities	18.17	17.50
Total deferred tax expense/(benefit)	18.17	17.50
Total tax expense for the year	421.08	122.44
Income tax attributable to:		
- Profit from continuing operations	391.41	60.50
- Profit from discontinued operations	29.67	61.94
	421.08	122.44

b) Reconciliation of the total tax charge

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the years ended March 31, 2023 and March 31, 2022 is as follows:

(₹ in crore)

	Year ended March 31, 2023	Year ended March 31, 2022
Profit / (loss) from continuing operations before tax expense	1,064.74	73.49
Profit from discontinued operations before tax expense	3,600.27	113.26
Tax at India's statutory income tax rate of 25.17% (previous year 25.17%)	1,174.18	47.02
Tax effect of the amount which are not taxable in calculating taxable income	(8.97)	(5.16)
Effect of tax on Share of net profit of associates and joint ventures accounted for using equity method	(245.20)	(1.84)
Tax impact of income not included in determining taxable profit above	2.61	42.79
Effect of tax on income taxable under different tax rates	(508.00)	(3.53)
Expenses not deductible for tax purposes	(12.74)	-
Adjustments for current tax of prior periods	0.29	(2.72)
Effect of reversal of opening deferred tax asset/ liability	18.17	17.50
Different statutory tax rates applied by the group entities	0.57	29.89
Others	0.16	(1.50)
Income tax expense at effective tax rate	421.08	122.44
Effective tax rate	9.03%	65.56%

c) Unrecognised temporary differences

(₹ in crore)

	Year ended March 31, 2023	Year ended March 31, 2022
Temporary differences relating to investment in subsidiaries and joint ventures for which deferred tax liabilities have not been recognised		
- Undistributed earnings of subsidiary*	701.44	181.00
- Unrecognised deferred tax liabilities relating to the above temporary differences	176.55	45.56

* Certain subsidiaries of the Group have undistributed earnings of ₹ 701.44 crores (March 31, 2022: ₹ 181 Crores) which, if paid out as dividends, would be subject to tax in the hands of the recipient. An assessable temporary difference exists, but no deferred tax liability has been recognised as the Holding Company has ability to control the timing of distributions from these subsidiaries.

28. EMPLOYEE BENEFIT OBLIGATIONS

a) Defined contribution plans

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

(₹ in crore)

	Year ended March 31, 2023	Year ended March 31, 2022
Provident fund	0.32	0.38
Pension fund	0.23	0.29
Superannuation fund	0.01	0.02
Total	0.56	0.69

b) Defined benefit plans

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

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

i) **Balance Sheet**

(₹ in crore)

	Present value of obligation	Fair value of plan assets	Net amount
As at March 31, 2022	3.01	3.01	ß
Current service cost	0.02	-	0.02
Interest expense/(income)	0.07	0.07	(0.01)
Actuarial loss / (gain) arising from change in financial assumptions	(0.05)	-	(0.05)
Actuarial loss / (gain) arising on account of experience changes	0.16	-	0.16
Actual return on plan assets less interest on plan assets	-	(0.02)	0.02
Employer contributions	-	-	-
Benefit payments	(1.28)	(1.28)	-
As at March 31, 2023	1.92	1.78	0.14

	As at March 31, 2023	As at March 31, 2022
Present value of plan liabilities	1.92	3.01
Fair value of plan assets	1.78	3.01
Plan liability net of plan assets	0.14	ß

ii) **Statement of Profit and Loss**

(₹ in crore)

	Year ended March 31, 2023	Year ended March 31, 2022
Employee Benefit Expenses:		
Current service cost	0.02	0.02
Interest cost	(0.01)	ß
Total	0.01	0.02
Finance cost	-	-
Net impact on the profit before tax	0.01	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	(0.05)	(0.01)
Actuarial gains/(losses) arising from changes in experience	0.16	0.20
Actual return on plan assets less interest on plan assets	0.02	(0.08)
Net impact on the other comprehensive income before tax	0.13	0.12

iii) **Defined benefit plan assets**

Category of assets (% allocation)	As at March 31, 2023	As at March 31, 2022
Insurer managed funds		
- Government securities	46.36%	45.65%
- Deposit and money market securities	7.77%	15.06%
- Debentures / bonds	40.44%	33.93%
- Equity shares	5.43%	5.36%
Total	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, 2023	As at March 31, 2022
Discount rate	7.20%	4.40%
Salary escalation rate*	5%	5%

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

v) Risks

Interest rate risk:
The risk of government security yields falling due to which the corresponding discount rate used for valuing liabilities falls. Such a fall in discount rate will result in a larger value placed on the future benefit cash flows whilst computing the liability and thereby requiring higher accounting provisioning.

Longevity risks:
Longevity risks arises when the quantum of benefits payable under the plan is based on how long the employee lives post cessation of service with the company. The gratuity plan provides the benefit in a lump sum form and since the benefit is not payable as an annuity for the rest of the lives of the employees, there is no longevity risks.

Salary risks:
The gratuity benefits under the plan are related to the employee's last drawn salary. Consequently, any unusual rise in future salary of the employee raises the quantum of benefit payable by the company, which results in a higher liability for the compan and is therefore a plan risk for the company.

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

vii) Sensitivity

As at March 31, 2023	Change in assumption	Impact on defined benefit obligation	
		Increase	Decrease
Discount rate	0.50%	(0.32%)	0.35%
Salary escalation rate	0.50%	0.35%	(0.33%)

As at March 31, 2022	Change in assumption	Impact on defined benefit obligation	
		Increase	Decrease
Discount rate	0.50%	(0.23%)	0.26%
Salary escalation rate	0.50%	0.25%	(0.23%)

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

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

viii) Maturity

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

(₹ in crore)

	As at March 31, 2023	As at March 31, 2022
within 12 months	1.81	2.89
Between 2-5 years	0.04	0.03
Between 5-10 years	0.04	0.03
Beyond 10 years	0.22	0.16

The weighted average duration to the payment of these cash flows is 0.66 years (preceding year 0.49 years).

29. DISCONTINUED OPERATION

a) IDFC Asset Management Company Limited and IDFC AMC Trustee Company Limited

The Board of Directors of the Holding Company and IDFC FHCL at their respective meetings held on April 06, 2022, had inter alia considered binding bids received in connection with divestment of IDFC Asset Management Company Limited ('IDFC AMC') along with IDFC AMC Trustee Company Limited ('IDFC AMC Trustee') and had approved sale of the entire shareholding of IDFC AMC and IDFC AMC Trustee held by IDFC FHCL to a consortium comprising of Bandhan Financial Holding Limited, Lathe Investment Pte. Ltd. (affiliate of GIC), Tangerine Investments Limited, Infinity Partners (affiliates of ChrysCapital) ('Proposed Transaction'). The consideration for the Proposed Transaction of IDFC AMC was ₹ 4,500 crores on a fully diluted basis and subject to customary price adjustments at the closure and ₹ 0.50 crore for IDFC AMC Trustee.

It was highly probable that the said sale transaction would be completed in the next 12 months. Accordingly the investment in IDFC AMC and IDFC AMC Trustee along with their subsidiaries IDFC IEH Conservative Fund, IDFC Investment Managers (Mauritius) Limited and India Multi - Avenues Fund Limited were classified as assets held for sale as on March 31, 2022.

Figures for the year ended March 31, 2023 and March 31, 2022 include ₹ 89.16 crores and ₹ 171.88 crore as net profit after tax from discontinued operations pertaining to these entities.

All the requisite regulatory and other approvals, as applicable have been received and the Proposed Transaction is completed on January 31, 2023. IDFC FHCL sold 27,636,940 shares (including 846,490 shares purchased from employees on exercise of ESOPs at a price of ₹ 1,625 per share) in IDFC AMC and 50,000 shares in IDFC AMC Trustee to the consortium for consideration of ₹ 4,490 crore and ₹ 0.50 crore respectively. With the conclusion of the transaction, post January 31, 2023, IDFC AMC, IDFC AMC Trustee and IDFC Investment Managers (Mauritius) Limited are no more subsidiaries of the Group.

i) Financial performance and cash flow information (after inter-company eliminations)

A) IDFC AMC Limited

(In ₹ crore)

	Period ended January 30, 2023	Year ended March 31, 2022
Revenue	313.53	421.01
Expenses	195.78	188.22
Profit before tax	117.75	232.79
Tax expense	29.66	62.02
Profit after tax	88.09	170.77
Other comprehensive income	1.53	0.87
Total comprehensive income	89.62	171.64
Total comprehensive income attributable to owners	89.59	171.57
Total comprehensive income attributable to minority holders	0.03	0.07
Total profit from discontinued operation attributable to owners	89.59	171.57
Net cash inflow from operating activities	121.52	195.26
Net cash inflow / (outflow) from investing activities	(17.15)	143.08
Net cash / (outflow) from financing activities	(104.57)	(340.24)
Net increase in cash generated from discontinued operation	(0.20)	(1.90)

B) IDFC AMC Trustee Company Limited

(In ₹ crore)

	Period ended January 30, 2023	Year ended March 31, 2022
Revenue	0.50	0.60
Expenses	0.48	0.42
Profit before tax	0.02	0.18
Tax expense	0.01	0.05
Profit after tax	0.02	0.13
Other comprehensive income	(0.00)	0.01
Total comprehensive income	0.01	0.14
Total comprehensive income attributable to owners	0.01	0.14
Total comprehensive income attributable to minority holders	-	-
Total profit from discontinued operation attributable to owners	0.01	0.14
Net cash inflow from operating activities	0.00	0.10
Net cash inflow / (outflow) from investing activities	-	-
Net cash (outflow) from financing activities	-	-
Net increase in cash generated from discontinued operation	0.00	0.10

ii) The carrying amounts of assets and liabilities as on January 30, 2023 and March 31, 2022

A) IDFC AMC Limited

(In ₹ crore)

	As at January 30, 2023	As at March 31, 2022
Cash and cash equivalents	1.06	1.26
Bank balances other than cash and cash equivalents above	7.08	3.52
(I) Trade receivables	20.71	13.35
Investments	277.97	226.08
Other financial assets	3.90	6.08
Income tax assets (net)	15.85	15.85
Property, plant and equipment	10.11	10.17
Intangible assets	1.25	1.92
Right-of-use assets	32.32	27.99
Deferred tax assets (net)	2.88	1.33
Other non-financial assets	7.91	20.45
Total assets	381.04	328.00
Trade Payables	18.69	11.34
Lease liabilities	37.19	31.95
Other financial liabilities	45.32	35.76
Income tax liabilities (net)	15.95	18.86
Provisions	0.61	1.73
Other non-financial liabilities	59.09	41.02
Total liabilities	176.85	140.66
Net assets derecognised		
- Attributable to IDFC Limited	204.12	187.27
- Non-controlling interest	0.07	0.07

B) IDFC AMC Trustee Company Limited

(In ₹ crore)

	As at January 30, 2023	As at March 31, 2022
Cash and cash equivalents	0.32	0.31
Trade Receivables	0.24	0.18
Other Assets	0.05	0.04
Income tax assets (net)	0.03	0.02
Total assets	0.64	0.55
Trade Payables	0.07	0.01
Income Tax liabilities	0.01	0.01
Other financial liabilities	0.07	0.06
Total liabilities	0.15	0.08
Net assets derecognised		
- Attributable to IDFC Limited	0.49	0.47
- Non-controlling interest	-	-

b) IDFC India Equity Hedge Fund - IDFC IEH Conservative Fund

IDFC India Equity Hedge Fund Category III ('Fund') was constituted as a trust on 1st September 2017, in accordance with the provisions of the Indian Trusts Act, 1882. IDFC Limited is the Sponsor and IDBI Trusteeship Services Limited ('Trustee') is the Trustee of the Fund. IDFC AMC has been appointed as the Investment Manager of the Fund.

IDFC IEH Conservative Fund was a scheme launched under IDFC India Equity Hedge Fund Category III registered with SEBI under SEBI (Alternative Investment Funds) Regulations, 2012. IDFC IEH Conservative Fund is an open ended scheme which was launched as on January 31, 2018. The Scheme is represented by Class of Units.

The primary objective of the Scheme is to generate attractive risk adjusted returns and reduce volatility by investing predominantly in Indian equities and equity derivatives within a low to moderate net exposure risk format. More specifically, to employ long/short and arbitrage strategies to provide superior alpha based returns that are relatively uncorrelated to Indian equity indices.

Based on the control assessment carried out by the Group, IDFC IEH Conservative Fund was assessed as a subsidiary of the Group under Ind AS 110 considering the principal-agency guidance. The asset manager of IDFC IEH Conservative Fund, IDFC AMC which holds power over its relevant activities is a wholly-owned subsidiary of the Holding Company and cannot be removed without approval from 75% of unitholders. The Group holds 69.54% units in the fund as on March 31, 2022 which constitutes exposure to variability in returns. Accordingly, the assets, liabilities, income and expenses of IDFC IEH Conservative Fund had been consolidated with the Group on line by line basis.

The Board of Directors of IDFC Asset Management Company Limited ('IDFC AMC') ('the Investment Manager') had approved the winding up of IDFC IEH Conservative Fund, subsidiary of IDFC AMC, vide its meeting dated July 26, 2022. Approval from the investors holding more than 75% in the value was received by the Board of Directors of IDFC AMC on August 22, 2022 All the assets of IDFC IEH Conservative Fund were liquidated by October 6, 2022 and paid to investors. Hence with effect from October 6, 2022, IEH Conservative Fund has ceased to be subsidiary of the Group.

(i) Financial performance and cash flow information (after inter-company eliminations)

IDFC India Equity Hedge Fund - IDFC IEH Conservative Fund

(In ₹ crore)

	Period ended October 06, 2022	Year ended March 31, 2022
Revenue	0.31	1.74
Expenses	0.60	0.81
Profit / (loss) before tax	(0.29)	0.93
Tax expense	(0.01)	(0.13)
Profit / (loss) after tax	(0.28)	1.06
Other comprehensive income	-	-
Total comprehensive income	(0.28)	1.06
Total comprehensive income attributable to owners	(0.20)	0.74
Total comprehensive income attributable to Minority shareholders	(0.08)	0.32
Total profit from discontinued operation attributable to owners	(0.20)	0.74
Net cash inflow from operating activities	(26.99)	(1.16)
Net cash inflow / (outflow) from investing activities	38.56	(24.62)
Net cash (outflow) from financing activities	(12.39)	10.32
Net increase in cash generated from discontinued operation	(0.82)	(15.46)

The carrying amounts of assets and liabilities as on October 06, 2022 and March 31, 2022

(In ₹ crore)

	Period ended October 06, 2022	Year ended March 31, 2022
Cash and cash equivalents	0.22	1.04
Bank balances other than cash and cash equivalents above	-	3.25
Trade Receivables	-	-
Investments	29.72	38.37
Income tax assets (net)	0.14	0.27
Total assets	30.08	42.93
Trade Payables	0.01	0.05
Deferred Tax liabilities	-	0.09
Other non financial liabilities	-	0.17
Total liabilities	0.01	0.31
Net assets derecognised		
- Attributable to IDFC Limited	29.33	29.62
- Non-controlling interest	0.74	13.00

c) IDFC Investment Managers (Mauritius) Limited

The principal activity of the Company is to provide investment management services. The Company has entered into investment management agreement with India Multi Avenues Fund, a fund incorporated in Mauritius in 2015. The Fund has still not started its operations as on date of Balance Sheet.

IDFC Investment Managers (Mauritius) Limited is a wholly owned subsidiary of IDFC AMC. However, now as IDFC AMC is asset Held for Sale, IDFC Investment Managers (Mauritius) Limited, which is considered as subsidiary of the Group through IDFC AMC, is also shown as Asset held for sale and line by line consolidation is not done for the same.

(i) Financial performance and cash flow information (after inter-company eliminations)

(In ₹ crore)

	Period ended January 30, 2023	Year ended March 31, 2022
Revenue	-	-
Expenses	0.47	0.53
Profit before tax	(0.47)	(0.53)
Tax expense	-	-
Profit after tax	(0.47)	(0.53)
Other comprehensive income	-	-
Total comprehensive income	(0.47)	(0.53)
Total comprehensive income attributable to owners	(0.47)	(0.53)
Total comprehensive income attributable to Minority shareholders	0.00	(0.00)
Total profit from discontinued operation attributable to owners	(0.47)	(0.53)
Net cash inflow from operating activities	0.23	(0.52)
Net cash inflow (outflow) from investing activities	-	-
Net cash (outflow) from financing activities	-	-
Net increase in cash generated from discontinued operation	0.23	(0.52)

The carrying amounts of assets and liabilities as on January 30, 2023 and March 31, 2022

(In ₹ crore)

	As at January 30, 2023	As at March 31, 2022
Cash and cash equivalents	0.57	0.35
Loans and advances	0.03	0.01
Total assets	0.60	0.36
Trade Payables	0.03	0.05
Total liabilities	0.03	0.05
Net assets derecognised		
- Attributable to IDFC Limited	0.57	0.31
- Non-controlling interest	-	-

d) IDFC Foundation

IDFC Foundation is a wholly owned subsidiary of IDFC and is a 'Not for profit' organisation. In continuation of corporate structure simplification, Board of Directors of the Holding Company at their meeting held on October 27, 2022 have approved and donated its entire equity held in IDFC Foundation along with underlying investments in joint venture entities [Delhi Integrated Multi Modal Transit Systems Limited ('DIMTS') and Infrastructure Development Corporation (Karnataka) Limited '(Ideck')] to Upajeevan Sangathan Foundation (a not for profit organisation formed under Section 8 of Companies Act, 2013). Accordingly, results of IDFC Foundation till October 27, 2022 are shown as discontinued operations and other periods have been regrouped.

Financial performance and cash flow information (after inter-company eliminations)

(In ₹ crore)

	Period ended October 27, 2022	Year ended March 31, 2022
Revenue	0.27	6.94
Expenses	0.21	21.01
Profit before tax	0.06	(14.08)
Tax expense	-	-
Profit after tax	0.06	(14.08)
Other comprehensive income	-	0.02
Total comprehensive income	0.06	(14.06)
Total comprehensive income attributable to owners	0.06	(14.06)
Total comprehensive income attributable to Minority shareholders	-	-
Total profit from discontinued operation attributable to owners	0.06	(14.06)
Net cash inflow from operating activities	(0.72)	(7.53)
Net cash inflow / (outflow) from investing activities	1.29	8.72
Net cash (outflow) from financing activities	-	(1.20)
Net increase in cash generated from discontinued operation	0.57	(0.01)

The carrying amounts of assets and liabilities as on October 27, 2022 and March 31, 2022

(In ₹ crore)

	As at October 27, 2022	As at March 31, 2022
Cash and cash equivalents	0.72	1.29
Bank balances other than cash and cash equivalent and above	0.10	0.10
Investments	10.00	10.00
Other financial assets	0.00	0.01
Income tax assets (net)	1.53	1.53
Property, plant and equipment	0.00	0.01
Other non-financial assets	0.02	0.10
Total assets	12.37	13.04
Trade Payables	0.61	1.21
Other non-financial liabilities	0.00	0.12
Total liabilities	0.61	1.33
Net assets derecognised		
- Attributable to IDFC Limited	11.76	11.71
- Non-controlling interest	-	-

e) As per the Share Purchase Agreement (SPA) signed by the Holding Company and Novopay Solutions Private Limited ('NSPL') (erstwhile associate of the Group) on August 08, 2022, NSPL shall purchase shares totallying to 227,145 of Novopay held by the Holding Company for a total consideration agreegating to ₹ 15.00 crore. The Holding Company has diluted 13.85% stake (131,999 shares) in NSPLfor ₹ 8.72 crore on August 31, 2022 and 4.16% stake (39,624 shares) for ₹ 2.49 crore on March 31, 2023. Balance stake of 55,522 valued at ₹ 3.79 crores are yet to be diluted, hence Investment in NSPL is shown as asset held for sale as per IND AS 105.

30. Segment information

(₹ in crore)

	Year ended March 31, 2023	Year ended March 31, 2022
Segment revenues		
- Financing	153.83	87.77
- Others	-	-
Total segment revenues	153.83	87.77
Add: Unallocated revenues	-	-
Less: Inter-segment adjustments	-	-
Total Revenues	153.83	87.77
Segment results		
- Financing	90.56	66.19
- Others	-	-
Total segment results	90.56	66.19
Add / (Less): Unallocated	-	-
Add: Share of profit / (loss) from associates accounted under equity method	974.18	7.30
Profit before tax	1,064.74	73.49
Segment assets		
- Financing	729.65	592.90
- Others	-	-
Total segment assets	729.65	592.90
Unallocated		
- Banking	10,872.80	7,401.21
- Others	79.97	18.98
- Disposal group held for sale	3.79	1,151.01
Total assets	11,686.21	9,164.10

30. Segment information

(₹ in crore)

	Year ended March 31, 2023	Year ended March 31, 2022
Segment liabilities		
- Financing	52.21	9.14
- Others	-	-
Total segment liabilities	52.21	9.14
Unallocated		
- Others	36.80	18.08
- Disposal group held for sale	-	210.24
Total liabilities	89.01	237.46
Capital employed		
- Financing	677.44	583.76
- Others	-	-
Total segment capital employed	677.44	583.76
Unallocated		
- Banking	10,872.80	7,401.21
- Others	43.17	0.90
- Disposal group held for sale	3.79	940.77
Total capital employed	11,597.20	8,926.64

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

ii) Segment composition :

- Financing includes investing activity
- The Group has reorganised its segment structure on account of classification of IDFC Asset Management Company Limited, IDFC AMC Trustee Company Limited, IDFC IEH Conservative Fund, IDFC Investment Managers (Mauritius) Limited, IDFC Foundation and Novopay Solutions Private Limited as Disposal group held for sale. Previous period segment figures are regrouped in accordance with revised segment structure.

31. EARNINGS PER SHARE

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

	Year ended March 31, 2023	Year ended March 31, 2022
Net profit after tax available for equity shareholders (₹ in crore)	4,243.93	64.31
Weighted average number of equity shares	1,597,795,692	1,596,413,052
Face value (in ₹)	10.00	10.00

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

	Year ended March 31, 2023	Year ended March 31, 2022
Basic earnings per share (in ₹)	26.56	0.40
Effect of outstanding stock options	0.00	0.00
Diluted earnings per share (in ₹)	26.56	0.40

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

	Year ended March 31, 2023	Year ended March 31, 2022
Weighted average number of shares for computation of Basic EPS	1,597,795,692	1,596,413,052
Dilutive effect of outstanding stock options	110,919	438,563
Weighted average number of shares for computation of Diluted EPS	1,597,906,611	1,596,851,615

32. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

(₹ in crore)

	As at March 31, 2023	As at March 31, 2022
Commitments		
Uncalled liability on shares and other investments partly paid	2.38	16.25
Estimated amount of contracts remaining to be executed on capital account (net of advances)	-	0.53
Letter of comfort (see note b)	-	14.57
Undertaking (see note a)	15.00	-
Claims not acknowledged as debts in respect of:		
- Income-tax demands under appeal (net of provision)	230.47	44.98
- Other claims	-	1.97
Total	247.85	78.30

a) The Holding Company has donated equity shares of its erstwhile wholly owned subsidiary IDFC Foundation to Upajeevan Sangathan Foundation via a deed of donation signed by both the parties on October 27, 2022. The Company has also undertaken to make good any short fall in the net tax liabilities which become payable arising out of the Tax Appeal which is in excess of the Net Value of the assets realised by the donee. The Undertaking is valid for three years from the date of donation i.e. October 27, 2022.

b) The Holding Company had issued letter of comfort to IDFC Foundation- erstwhile wholly owned subsidiary of the Company, if there is any shortfall in meeting its obligations towards its contingent liabilities amounting to ₹ 14.57 crore and any related penalty. The comfort letter was valid till April 30, 2022.

c) The Holding Company holds 26.00% stake in Jetpur Somnath Tollways Private Limited (“JSTPL”). JSTPL had executed the concession agreement with National Highway Authority of India (“NHAI”) for the purpose of four laning of 123.45 km Jetputur Somnath Section of NH-8D in the state of Gujarat under NHDP phase III on Build Operate Transfer (BOT) (TOLL) on DBFO pattern. Due to certain disputes, NHAI terminated the Concession Agreement in November 2016. Matter was referred to Arbitration. Arbitral Tribunal on March 31, 2021 passed an award in favour of JSTPL for ₹.1,019.43 crore. JSTPL filed an appeal with Hon’ble Delhi High Court for enforcement of the award dated March 31, 2021. Hon’ble High Court directed NHAI to deposit the entire decretal amount along with interest till the date of payment with court on February 27, 2023. The next hearing is fixed for May 11, 2023.

d) At the time of sale of IDFC AMC and IDFC AMC Trustee company to Bandhan consortium, IDFC as a seller had given various warranties. These includes Business / General warranty, Tax warranty and Fundamental Warranty.

e) The Code on Social Security, 2020 (‘Code’) relating to employee benefits during employment and postemployment received Indian Parliament approval and Presidential assent in September 2020. The Code has been published in the Gazette of India and subsequently on November 13, 2020 draft rules were published and invited for stakeholders’ suggestions. However, the date on which the Code will come into effect has not been notified. The Group will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

33. DIVIDEND PAID AND PROPOSED DURING THE YEAR

(₹ in crore)

		March 31, 2023	March 31, 2022
A.	Declared and paid during the year		
	Dividends on ordinary shares:		
	Final Dividend for 2023: Nil per share (2022: Nil per share)	-	-
	Interim Dividend for 2023: ₹ 12 per share (2022: Nil per share) (refer note a and b below)	1,919.63	-
	Total dividends paid	1,919.63	-
B.	Proposed for approval at Annual General Meeting (not recognised as a liability as at year end)		
	Dividend on ordinary shares:		
	Final dividend for 2023: Nil per share (2022: Nil per share)	-	-

a. The Board of the Directors of the Holding Company at its meeting held on April 06, 2022 has considered and declared an Interim Dividend of 10% i.e. ₹ 1 per equity share of the Holding Company. The interim dividend was paid to the eligible shareholders on May 02, 2022, whose names appeared on the Register of Members as at close of day on April 10, 2022 being the record date for the purpose of the aforesaid interim dividend.

b. The Board of Directors at its meeting held on February 01, 2023 has considered and declared a special interim dividend of 110% i.e. ₹ 11 per equity share. The interim dividend was paid to the eligible shareholders on February 23, 2023, whose names appeared on the Register of Members as at close of the record date February 13, 2023.

34. The figures of Rs. 50,000 or less have been denoted by β**.**

35. UPDATE ON SUBSIDIARIES AND ASSOCIATES

(a) Corporate Restructuring

As part of simplification of corporate structure, the Board of Directors of the Holding Company along with its three wholly owned subsidiaries ('WOS') IDFC Alternatives Limited, IDFC Trustee Company Limited and IDFC Projects Limited, approved the merger of WOS into the Holding Company, subject to regulatory approvals from various authorities. Post Board approval, the Holding Company along with its three WOS has filed scheme of amalgamation with Official Liquidator ('OL') – Chennai and with Regional Director ('RD') / Registrar of Companies ('ROC') – Chennai on December 06, 2021.

The ROC, Chennai vide its letter dated February 01, 2022 intimated it's no observations/suggestions to the aforesaid scheme of amalgamation. Also, the OL of Madras High Court vide its letter dated March 24, 2022, communicated it's no observations to the aforesaid scheme of amalgamation.

The Company filed petition with National Company Law Tribunal (NCLT) – Chennai on April 13, 2022. NCLT heard the petition on October 20, 2022 and passed the order on November 22, 2022 in favor of the Holding Company. The order is effective from December 09, 2022.

Post approval from NCLT, IDFC Alternatives Limited, IDFC Trustee Company Limited and IDFC Projects Limited are merged with the Holding Company and are no more subsidiaries of the Group.

(b) IDFC Foundation:

IDFC Foundation is a wholly owned subsidiary of IDFC and is a 'Not for profit' organisation. In continuation of corporate structure simplification, Board of Directors of the Holding Company at their meeting held on October 27, 2022 have approved and donated its entire equity held in IDFC Foundation along with underlying investments in joint venture entities [Delhi Integrated Multi Modal Transit Systems Limited ('DIMTS') and Infrastructure Development Corporation (Karnataka) Limited '(Ideck')] to Upajeevan Sangathan Foundation (a not for profit organisation formed under Section 8 of Companies Act, 2013). Accordingly, results of IDFC Foundation till October 27, 2022 are shown as discontinued operations and other periods have been regrouped.

Figures for the year ended March 31, 2023 and March 31, 2022 includes ₹ (1.71) crore and (119.66) crores as net loss after tax from discontinued operations pertaining to IDFC Foundation.

(c) IDFC Financial Holding Company Limited:

(i) Reserve Bank of India ("RBI") has, vide its letter No.DOR..HOL.No.SUO-75590/16.01.146/2021-22 dated July 20, 2021, clarified that after the expiry of lock-in period of 5 years, IDFC Limited can exit as the promoter of IDFC FIRST Bank Limited.

Post completion of lock-in period of 5 years, the Board of Directors of IDFC FIRST Bank at their meeting held on December 30, 2021 has confirmed that they are "In-principle" in favour of Merger of 'IDFC' and 'IDFC FHCL' with 'IDFC FIRST Bank'. The said corporate restructuring activity shall be subject to approval by the Board of Directors of entities involved, shareholders, creditors and other necessary statutory / regulatory approvals.

The Board of Directors of the Holding Company and IDFC FHCL, at their respective meetings held on March 18, 2023, have appointed a) registered valuer for recommendation of fair share exchange ratio; b) merchant banker for issuance of fairness opinion on the share exchange ratio; c) law firm for conducting legal due diligence, drafting and finalizing scheme of amalgamation and filing regulatory applications.

(ii) The Board of Directors of the Holding Company and IDFC FHCL at their respective meetings held on April 06, 2022, have inter alia considered binding bids received in connection with divestment of IDFC Asset Management Company Limited ('IDFC AMC') along with IDFC AMC Trustee Company Limited ('IDFC AMC Trustee') and have approved sale of the entire shareholding of IDFC AMC and IDFC AMC Trustee held by the Company to a consortium comprising of Bandhan Financial Holding Limited, Lathe Investment Pte. Ltd. (affiliate of GIC), Tangerine Investments Limited, Infinity Partners (affiliates of ChrysCapital) ('Proposed Transaction'). The consideration for the Proposed Transaction is ₹ 4,500 crores on a fully diluted basis and subject to customary price adjustments at the closure.

All the requisite regulatory and other approvals, as applicable have been received and the Proposed Transaction is completed on January 31, 2023. IDFC FHCL sold 27,636,940 shares (including 846,490 shares purchased from employees on exercise of ESOPs at a price of ₹ 1,625 per share) in IDFC AMC and 50,000 shares in IDFC AMC Trustee to the consortium for consideration of ₹ 4,490 crores and ₹ 0.50 crores respectively. With the conclusion of the transaction, post January 31, 2023, IDFC AMC, IDFC AMC Trustee and IDFC Investment Managers (Mauritius) Limited are no more subsidiaries of the Group.

(d) IDFC FIRST Bank Limited:

(i) The COVID-19 virus, a global pandemic affected the world economy over more than last two years. The extent to which the COVID-19 pandemic, including the future subsequent waves, if any, may impact the Bank's operations and asset quality will depend on future developments. The Bank's capital and liquidity position is strong and would continue to be the focus area for the Bank.

(e) Liquidated entities:

(i) The Board of Directors of IDFC Asset Management Company Limited ('IDFC AMC') ('the Investment Manager') had approved the winding up of IDFC IEH Conservative Fund, subsidiary of IDFC AMC, vide its meeting dated July 26, 2022. Approval from the investors holding more than 75% in the value was received by the Board of Directors of IDFC AMC on August 22, 2022 All the assets of IDFC IEH Conservative Fund were liquidated by October 6, 2022 and paid to investors. Hence with effect from October 6, 2022, IEH Conservative Fund has ceased to be subsidiary of the Group.

(f) Others

(i) On August 15, 2022, Ms. Ritu Anand ceased to be an Independent Director of the Holding Company upon completion of her term.

Pursuant to Regulation 17(1)(c) of SEBI Listing Obligations and Disclosure Requirements (LODR) Regulations 2015, the Board of Directors of IDFC Limited shall comprise of not less than six directors. Due to cessation of her directorship from the Board, the number of Directors on the Board of the Holding Company reduced from six to five and the composition of the Board as well as constitution of Board's committees were impacted. As on March 31, 2023 the Holding Company was in process of appointing New Directors, on the Board to comply with Regulation 17(1)(c) of SEBI LODR Regulations 2015.

(ii) The Holding Company has diluted 13.85% stake in Novopay Solutions Private Limited ('NSPL') (erstwhile associate of the Group) for ₹ 8.72 crore on August 31, 2022 and 4.16% stake for ₹ 2.49 crore on March 31, 2023. NSPL is no longer an associate of the Group.

36. CAPITAL MANAGEMENT

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

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

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

37. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

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

(₹ in crore)

	As at March 31, 2023			As at March 31, 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial assets						
Cash and cash equivalents	157.94	-	157.94	286.47	-	286.47
Bank balance other than cash and cash equivalents above	219.52	-	219.52	1.55	-	1.55
Receivables						
(I) Other receivables	-	-	-	2.01	-	2.01
Investments	-	11,220.62	11,220.62	-	7,702.47	7,702.47
Other financial assets	1.31	-	1.31	1.15	-	1.15
Non-financial assets						
Income tax assets (Net)	-	79.97	79.97	-	18.98	18.98
Property, plant and equipment	-	0.07	0.07	-	0.17	0.17
Other non-financial assets	2.99	-	2.99	0.29	-	0.29
Disposal group held for sale	3.79	-	3.79	1,151.01	-	1,151.01
Total assets	385.56	11,300.66	11,686.21	1,442.48	7,721.62	9,164.10

(₹ in crore)

	As at March 31, 2023			As at March 31, 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial liabilities						
Payables						
(I) Trade payables						
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-
(II) Other payables						
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	40.71	-	40.71	4.53	-	4.53
Other financial liabilities	5.02	-	5.02	3.25	-	3.25
Non-financial Liabilities						
Income tax liabilities (Net)	0.55	-	0.55	-	-	-
Deferred tax liabilities (Net)	-	36.25	36.25	-	18.08	18.08
Provisions	0.14	-	0.14	-	-	-
Other non-financial liabilities	6.34	-	6.34	1.36	-	1.36
Disposal group held for sale	-	-	-	210.24	-	210.24
Total liabilities	52.76	36.25	89.01	219.38	18.08	237.46
Net	332.79	11,264.41	11,597.20	1,223.10	7,703.54	8,926.64

38. FAIR VALUE MEASUREMENT

a) Financial Instruments by Category

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

(₹ in crore)

As at March 31, 2023	At FVTPL	At FVOCI	Amortised Cost
Financial Assets			
Investments			
- Venture capital fund units	347.82	-	-
- Asset held for sale	3.79	-	-
Cash and Cash Equivalents	-	-	157.94
Bank balances other than cash and cash equivalents	-	-	219.52
Other financial assets	-	-	1.31
Total financial assets	351.61	-	378.77
Financial Liabilities			
Other payables	-	-	40.71
Other financial liabilities	-	-	5.02
Total financial liabilities	-	-	45.73

As at March 31, 2022	At FVTPL	At FVOCI	Amortised Cost
Financial Assets			
Investments			
- Venture capital fund units	301.26	-	-
Cash and Cash Equivalents	-	-	286.47
Bank balances other than cash and cash equivalents	-	-	1.55
Trade receivables	-	-	2.01
Other financial assets	-	-	1.15
Total financial assets	301.26	-	291.18
Financial Liabilities			
Other payables	-	-	4.53
Lease liabilities	-	-	3.25
Total financial liabilities	-	-	7.78

b) Fair value hierarchy

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

As at March 31, 2023 (In ₹ crore)

Assets and liabilities measured at fair value - recurring fair value measurements	Note	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL					
- Venture capital fund units	6	-	-	347.82	347.82
- Asset held for sale	29	-	-	3.79	3.79
Total financial assets		-	-	351.61	351.61

As at March 31, 2022 (In ₹ crore)

Assets and liabilities measured at fair value - recurring fair value measurements	Note	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL	6				
- Venture capital fund units		-	-	301.26	301.26
Total financial assets		-	-	301.26	301.26

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

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

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

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

The hierarchies used are as follows:

Level 1: Hierarchy includes financial instruments measured using quoted prices in an active market.

Level 2: The fair value of financial instruments that are not traded in an active market (such as mutual fund units) is determined using observable market data and not the entity specific estimates. These investments are valued at closing Net Asset Value (NAV), which represents the repurchase price at which the issuer will redeem the units from investors. Since all significant inputs required to fair value an instrument are observable, the investments are included in Level 2.

Level 3: Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

c) Valuation technique used to determine fair value

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

Specific valuation techniques used to value financial instruments include:

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

^ Considering the illiquidity discount, the Company has provided for additional diminution over and above the NAV communicated by the VCFs in order to appropriately reflect the fair value as on March 31, 2022.

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

d) Valuation Process

In order to assess Level 3 valuations as per Group's investment policy, the management relies on the NAVs issued by the VCF's.

The finance team performs the above process and reports directly to the Chief Financial Officer (CFO) of the Group. Discussions of valuation processes and results are held between the finance team and CFO on regular basis. Investment valuation is placed before the members of the board at least once every three months which is in line with the Group's quarterly reporting periods.

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

For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts are a reasonable approximation of their fair value. Such instruments include, cash and bank balances, bank deposits, trade and other receivables, other financial assets, trade and other payables, and other financial liabilities.

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

The following table presents the changes in level 3 items for the years ended March 31, 2023 and March 31, 2022:

(In ₹ crore)

	Venture capital units	Total
As at March 31, 2021	197.85	197.85
Acquisitions (net)	28.84	28.84
Gains/(losses) recognised profit and loss	74.57	74.57
As at March 31, 2022	301.26	301.26
Acquisitions (net)	(25.65)	(25.65)
Gains/(losses) recognised profit and loss	72.21	72.21
As at March 31, 2023	347.82	347.82

g) Valuation inputs and relationships to fair value

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

	Fair value as at March 31, 2023	Fair value as at March 31, 2022	Significant unobservable inputs*	Probability-weighted range	Sensitivity
Venture Capital Funds	347.82	301.26	Net asset Value	10%	Whilst these investments are not traded on any market, they are exposed to price risk in respect of their underlying investments. 10% is the sensitivity rate used when reporting price risk internally to key management's assessment of the possible net change in underlying prices. A 10% increase / (decrease) in the net asset value would increase/ (decrease) in the Groups' gain / (loss) by ₹ 26.03 crore (March 31, 2022 : ₹ 22.54 crore)

39. FINANCIAL RISK MANAGEMENT

39.1 Introduction

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

39.2 Risk management structure

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

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

39.3 Credit risk

Credit risk is the risk of suffering financial loss, should any of the Group's customers, clients or market counterparties fail to fulfil their contractual obligations to the Group. Credit risk arises mainly from cash and cash equivalents, deposits with banks, trade and other receivable, loans measured at amortised cost and investment measured at FVTPL.

a) Expected credit loss methodology

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

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Group.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. Refer note 39(b)(i) below for a description of how the Group determines when a significant increase in credit risk has occurred.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'. Refer note 39(b)(i) below for a description of how the Group defines credit-impaired and default.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.
- A pervasive concept in measuring ECL in accordance with Ind AS 109 is that it should consider forward-looking information.

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

Change in credit quality since initial recognition

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

i) Significant increase in credit risk (SICR)

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

Quantitative criteria:

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

Qualitative criteria:

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

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

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

ii) Policy for write-off of financial assets

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

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

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

PD Estimation:

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

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

Exposure at default:

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

Loss given default:

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

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

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

ECL computation:

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

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

b) Credit risk exposure

(i) Trade and other receivables

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

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

	(₹ in crore)
Loss allowance as at March 31, 2021	5.90
Add/(less): changes during the year	(5.90)
Loss allowance as at March 31, 2022	-
Add/(less): changes during the year	-
Loss allowance as at March 31, 2023	-

39.3.1 Other financial assets

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

39.4 Liquidity risk

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

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

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

(₹ in crore)

As at March 31, 2023	Within 12 months	More than 12 months	Total
Financial liabilities			
Trade payables	40.71	-	40.71
Other financial liabilities	5.02	-	5.02
Total undiscounted financial liabilities	45.73	-	45.73

As at March 31, 2022	Within 12 months	More than 12 months	Total
Financial liabilities			
Trade payables	4.53	-	4.53
Other financial liabilities	3.25	-	3.25
Total undiscounted financial liabilities	7.78	-	7.78

39.5 Market Risk

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

39.5.1 Interest Rate Risk - Investment in debt oriented mutual fund

Interest rate risk is the risk where the Group is exposed to the risk that the fair value or future cash flows of its financial instruments will fluctuate as a result of a changes in market interest rates.

The Group is exposed to interest rate risk from investments held in debt oriented mutual fund units. These funds invests in debt securities. Sensitivity analysis for exposure to interest rate risk in case of units backed by debt securities is not disclosed as there are no investments outstanding as on March 31, 2023 and March 31, 2022.

39.5.2 Price risk

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

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

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

39.5.2.1 Exposure

(₹ in crore)

	As at March 31, 2023	As at March 31, 2022
Investment in venture capital fund units	347.82	301.26
Total	347.82	301.26

39.5.2.2 Sensitivity

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

	Impact on profit after tax[1]		Impact on OCI[1]	
	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2023	Year ended March 31, 2022
Investment in Venture Capital Units				
Benchmark: Increase 100 bps (previous year 100 bps)	26.03	22.54	-	-
Benchmark: Decrease 100 bps (previous year 100 bps)	(26.03)	(22.54)	-	-

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

39.5.3 Foreign currency risk:

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

40. Employee share based payments

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

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

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

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

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

	Year ended March 31, 2023		Year ended March 31, 2022	
	Average exercise price	Number of options	Average exercise price	Number of options
Opening balance	55.11	3,846,498	56.82	10,604,778
Granted during the year	-	-	53.60	1,200,000
Exercised during the year	54.76	(3,548,494)	49.84	(77,626)
Forfeited during the year	60.35	(28,966)	89.21	(418,690)
Lapsed/expired during the year	59.22	(269,038)	55.44	(7,461,964)
Closing balance	-	-	55.11	3,846,498
Vested and exercisable	-	-	55.80	2,646,498
Unvested	-	-	53.60	1,200,000

The weighted average share price at the date of exercise of options exercised during the year ended March 31, 2023 was ₹ 54.76 (preceding year ₹ 49.84).

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

Grant date	Expiry date	Exercise price	Outstanding as at March 31, 2023	Outstanding as at March 31, 2022
05-Oct-15	18-Apr-17 to 05-Oct-23	60.35	-	809,270
05-Feb-16	05-Feb-22 to 05-Feb-24	41.15	-	210,000
29-Apr-16	14-Jul-17 to 29-Apr-23	43.40	-	70,000
26-Jul-16	14-Jul-17 to 26-Jul-23	53.90	-	111,128
14-Sep-16	14-Sep-22 to 14-Sep-24	59.20	-	100,000
14-Mär-17	14-Mar-23 to 14-Mar-25	51.85	-	42,600
09-May-17	31-May-18 to 09-May-24	63.25	-	103,500
27-Apr-18	27-Apr-23	55.40	-	1,200,000
10-May-21	09-May-25	53.60	-	1,200,000
Total			-	3,846,498
Weighted average remaining contractual life of options outstanding at end of period			-	2.32

Fair value of options granted:

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

12,00,000 ESOPS were granted during the year ended March 31, 2022.

The Assumptions used in the model are as follows:

Sr. No.	Variables	Year ended March 31, 2023	Year ended March 31, 2022
1	Risk Free Interest Rate	-	4.71%
2	Expected Life	-	2.50
3	Expected Volatility	-	50.28%
4	Dividend Yield	-	0.00%
5	Price of the underlying share in market at the time of the option grant.(₹)	-	53.60

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

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

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

	Year ended March 31, 2023		Year ended March 31, 2022	
	Average exercise price (₹)	Number of options	Average exercise price (₹)	Number of options
Opening balance	699	602,000	699	604,000
Granted during the year	-	-	1,280	27,500
Exercised during the year	699	(487,500)	-	-
Forfeited during the year	699	(63,000)	699	(29,500)
Lapsed/expired during the year	-	-	-	-
Transferred on account of sale to Bandhan consortium	699	(51,500)	-	-
Closing balance	-	-	726	602,000
Vested and exercisable	-	-	-	-

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

Grant date	Expiry date	Exercise price	Outstanding as at March 31, 2023	Outstanding as at March 31, 2022
January 01, 2020	01-Jan-28	1,186	-	555,500
April 1, 2020	01-Apr-28	1,443	-	7,500
October 1, 2020	01-Oct-28	699	-	11,500
September 1, 2021	01-Sep-28	699	-	17,500
December 1, 2021	01-Dec-28	699	-	10,000
Total			-	602,000
Weighted average remaining contractual life of options outstanding at end of period			-	5.86

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

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

	Year ended March 31, 2023		Year ended March 31, 2022	
	Average exercise price (₹)	Number of options	Average exercise price (₹)	Number of options
Opening balance	965	365,680	965	387,960
Granted during the year	-	-	-	-
Exercised during the year	965	(357,390)	965	(1,600)
Forfeited during the year	965	(8,290)	965	(20,680)
Lapsed/expired during the year	-	-	-	-
Closing balance	-	-	965	365,680
Vested and exercisable	-	-	965	365,680

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

Grant date	Expiry date	Exercise price	Outstanding as at March 31, 2023	Outstanding as at March 31, 2022
09-Sep-17	09-Sep-25	965	-	346,260
06-Nov-17	06-Nov-25	965	-	9,420
11-Apr-18	11-Apr-26	965	-	10,000
Total			-	365,680
Weighted average remaining contractual life of options outstanding at end of period			-	3.47

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

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

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

d) Expense arising from share-based payment transactions

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

(₹ in crore)

	Year ended March 31, 2023	Year ended March 31, 2022
IDFC Limited - Employee stock option scheme (equity settled)	0.24	2.01
IDFC FIRST Bank Limited - Employee stock option scheme (equity settled)	(2.34)	(0.47)
Total	(2.10)	1.54

41. INTEREST IN OTHER ENTITIES

a) Subsidiaries

The Group's subsidiaries at March 31, 2023 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group.

Name of entity	Principal activities	Place of incorporation and principle business	Ownership interest held by Group (%)		Ownership interest held by non-controlling interests (%)	
			As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
IDFC AMC Trustee Company Limited # (upto January 31, 2023)	Trusteeship services	India	-	100%	-	-
IDFC Asset Management Company Limited * # (upto January 31, 2023)	Asset management services	India	-	99.96%	-	0.04%
IDFC Financial Holding Company Limited	Non operating NBFC	India	100%	100%	-	-
IDFC Investment Managers (Mauritius) Limited # (upto January 31, 2023)	Asset management services	Mauritius	-	99.96%	-	0.04%
IDFC IEH Conservative Fund # (upto October 06, 2022)	AIF Category III Fund	India	-	69.54%	-	30.46%
India Multi Avenues Fund Limited # (upto January 31, 2023)	Investing	India	-	99.96%	-	0.04%
IDFC Foundation** (upto October 27, 2022)	Not-for-profit organization	India	-	100%	-	-

* IDFC Asset Management Company Limited ("IDFC AMC") launched Employee Stock Option Scheme - ESOS 2017 and ESOS 2020. Maximum aggregate number of employee stock options that may be awarded under both schemes combined are 5% of outstanding issued equity shares of IDFC AMC. There was an employee who was granted 1,600 shares and the same were exercised in the preceding year. Since 100% equity was not held by the Group, IDFC AMC was not considered as 'wholly owned subsidiary" in the preceding year.

** The subsidiary was limited by shares formed under Section 25 of the Companies Act, 1956, now section 8 of the Companies Act, 2013. No dividend can be proposed and paid to the shareholders by these companies. In the event of winding up or dissolution of these companies, after the satisfaction of all its debts and liabilities, any property whatsoever shall be given or transferred to some other institution(s) having object similar to the objects of these companies, to be determined by the members of the these companies at or before the time of dissolution or in default thereof by the High Court. The carrying amount of the assets and liabilities included within the consolidated financial statements to which these restrictions apply is as on March 31, 2022 is ₹ 11.71 Crores

\# Investments are classified as Held for Sale.

b) Interest in associates and joint ventures

Set out below are the associates and joint ventures of the group as at March 31, 2023 which, in the opinion of the directors, are material to the group. The entities listed below have share capital consisting solely of equity shares, which are held directly by the group.

Name of entity	% of ownership interest		Relationship	Accounting Method	Quoted fair value		Carrying value	
	As at March 31, 2023	As at March 31, 2022			As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
IDFC First Bank Limited (Refer note (i) below)	39.99%	36.49%	Associate	Equity Method	14,568.64	9,007.68	10,872.80	7,401.21
Novopay Solutions Private Limited# (till August 31, 2022)	-	23.83%	Associate	Equity Method	-	- *	-	-
Jetpur Somnath Tollways Private Limited#	26.00%	26.00%	Associate	Equity Method	- *	- *	-	-
Delhi Integrated Multi - Modal Transit System Limited ^ (till October 27, 2022)	-	50.00%	Joint Venture	Equity Method	-	- *	-	-
Infrastructure Development Corporation (Karnataka) Limited ("iDeck") ^ (till October 27, 2022)	-	49.49%	Joint Venture	Equity Method	-	- *	-	-
Total equity accounted investments					14,568.64	9,007.68	10,872.80	7,401.21

Amount in the associate is impaired and stands at Nil value.

* Note: Unlisted entity - no quoted price available.

^ Amount in the Joint Venture stands at Nil value as Group held these investments through IDFC Foundation, section 8 Company, through which no repatriation can be done to the Group.

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

(ii) IDFC FIRST Bank Limited is taken on consolidated basis. It includes IDFC FIRST Bharat Limited (subsidiary) and Millennium City Expressways Private Limited (associate).

(iii) iDeck includes India PPP Capacity Building Trust, subsidiary of the iDeck

i) **Commitments and contingent liabilities in respect of associates and joint ventures**

(In ₹ crore)

	As at March 31, 2023	As at March 31, 2022
Contingent liabilities – associates		
Derivative and non-fund based exposure	142,701.30	75,211.93
Total commitments and contingent liabilities	142,701.30	75,211.93

ii) **Summarised financial information for associates i.e. IDFC FIRST Bank Limited**

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

(In ₹ crore)

Summarised balance sheet	IDFC FIRST Bank Limited	
	As at March 31, 2023	As at March 31, 2022
Total assets	249,636.25	200,607.92
Total liabilities	224,646.89	180,653.65
Net Assets	24,989.36	19,954.27

(In ₹ crore)

Reconciliation to carrying amounts	IDFC FIRST Bank Limited	
	As at March 31, 2023	As at March 31, 2022
Opening Net Assets	19,954.27	16,489.54
Profit / (loss) during the year	2,611.16	20.01
Other comprehensive income for the year	92.73	348.13
Equity shares issued during the year (including share premium)	2,280.25	3,048.32
Other reserve movement	50.95	48.27
Closing net assets	24,989.36	19,954.27
Group's Share in %	39.99%	36.49%
Group's Share in ₹	9,993.25	7,281.31
Excess of purchase cost over proportionate net assets (for additional stake acquired during the year)	666.08	695.38
Change due to change in holding	213.47	575.48
Carrying Amount	10,872.80	7,401.21

(In ₹ crore)

Summarised statement of profit and loss	IDFC FIRST Bank Limited	
	As at March 31, 2023	As at March 31, 2022
Total Income	15,824.55	11,805.45
Profit / (loss) for the year	2,611.16	20.01
Other comprehensive income	92.73	348.13
Total comprehensive income	2,703.89	368.14

(In ₹ crore)

Breakup of Other Comprehensive Income	IDFC FIRST Bank Limited	
	As at March 31, 2023	As at March 31, 2022
Other Comprehensive Income / (loss) to the extent not to be reclassified to Profit or Loss	245.86	50.70
Other Comprehensive Income/ (loss) to the extent that may be reclassified to Profit or Loss	(153.13)	297.43
Total Other Comprehensive Income/ (Loss)	92.73	348.13

iii) **Amount recognised in the statement of profit and loss**

(In ₹ crore)

	Year ended March 31, 2023	Year ended March 31, 2022
Share of profit / (loss) from associates	1,011.95	134.33
Share of loss from joint ventures *	-	(105.60)
Total share of profits / (loss) from associates and joint ventures	1,011.95	28.73

* Disclosed under profit/(loss) from discontinued operations

iv) **Unrecognized share of loss of an associate**

(In ₹ crore)

	As at March 31, 2023	As at March 31, 2022
Unrecognised share of loss of an associate:		
- Novopay Solutions Private Limited and Jetpur Somnath Tollways Private Limited		
Opening balance of unrecognised share of loss	(141.01)	(140.16)
Share in Profit/ (loss) during the period	0.79	0.85
Closing balance of unrecognised share of loss	(140.22)	(141.01)

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

After the dilution in stake of Novopay during FY 22-23, NSPL is no longer an associate of the Group. Hence the closing balance of unrecognised share of loss pertains to JSTPL as on March 31, 2023. Investment in Novopay Solutions Private Limited is impaired and stands at Nil value as on March 31, 2022.

v) **Unrecognized share of losses of Joint Venture**

(In ₹ crore)

	As at March 31, 2023	As at March 31, 2022
Unrecognised share of loss of Joint Venture:		
- Delhi Integrated Multi Modal Transit System Ltd. and Infrastructure Development Corporation Limited		
Opening balance of unrecognised share of loss	(118.16)	-
Reversal of profits of Joint Ventures till previous year	118.16	(105.60)
Share in Profit/ (loss) during the period	-	(12.56)
Closing balance of unrecognised share of loss	-	(118.16)

42. **DISCLOSURE OF ADDITIONAL INFORMATION PERTAINING TO THE PARENT, SUBSIDIARY AND JOINT VENTURE COMPANIES AS PER SCHEDULE III OF THE COMPANIES ACT, 2013 AS ON MARCH 31, 2023**

Name of the entity in the group	Net Assets, i.e., total assets minus total liabilities		Share in profit and loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	(In ₹ crore)	As % of consolidated profit or Loss	(In ₹ crore)	As % of consolidated other comprehensive Income	(In ₹ crore)	As % of consolidated total comprehensive income	(In ₹ crore)
Holding Company								
IDFC Limited	82.53	9,570.64	47.81	2,029.10	(0.26)	(0.10)	47.37	2,029.00
Indian subsidiary companies								
IDFC AMC Trustee Company Limited (upto January 31, 2023)	-	-	0.00	0.02	(0.01)	(0.00)	0.00	0.02
IDFC Asset Management Company Limited (upto January 31, 2023)	-	-	2.06	87.61	3.89	1.53	2.08	89.14
IDFC Financial Holding Company Limited	93.32	10,822.44	76.99	3,267.25	-	-	76.28	3,267.25
IDFC Foundation (upto October 27, 2022)	-	-	0.00	0.06	-	-	0.00	0.06
India Multi Avenues Fund Limited (upto January 31, 2023)	-	-	-	-	-	-	-	-
Foreign subsidiary companies								
IDFC Investment Managers (Mauritius) Limited (upto January 31, 2023)	-	-	(0.01)	(0.47)	-	-	(0.01)	(0.47)
Indian associate companies								
IDFC FIRST Bank Limited (formerly known as IDFC Bank Limited)	93.75	10,872.80	22.95	974.18	96.37	37.78	23.61	1,011.96
Jetpur Somnath Tollways Private Limited	-	-	-	-	-	-		
Total (A)	269.60	31,265.88	149.81	6,357.76	100.00	39.21	149.35	6,396.96

Name of the entity in the group	Net Assets, i.e., total assets minus total liabilities		Share in profit and loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	(In ₹ crore)	As % of consolidated profit or Loss	(In ₹ crore)	As % of consolidated other comprehensive Income	(In ₹ crore)	As % of consolidated total comprehensive income	(In ₹ crore)
a) Adjustment arising out of consolidation								
Intercompany Eliminations	(169.60)	(19,668.68)	(49.80)	(2,113.86)	-	-	(49.35)	(2,113.86)
b) Non-controlling interests								
- IDFC Asset Management Company Limited (upto January 31, 2023)	-	-	0.00	0.04	-	-	0.00	0.04
Total (B)	(169.60)	(19,668.68)	(49.81)	(2,113.82)	-	-	(49.35)	(2,113.82)
Total (A) + (B)	100.00	11,597.20	100.00	4,243.93	100.00	39.21	100.00	4,283.14

42. DISCLOSURE OF ADDITIONAL INFORMATION PERTAINING TO THE PARENT, SUBSIDIARY AND JOINT VENTURE COMPANIES AS PER SCHEDULE III OF THE COMPANIES ACT, 2013 AS ON MARCH 31, 2022

Name of the entity in the group	Net Assets, i.e., total assets minus total liabilities		Share in profit and loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	(In ₹ crore)	As % of consolidated profit or Loss	(In ₹ crore)	As % of consolidated other comprehensive Income	(In ₹ crore)	As % of consolidated total comprehensive income	(In ₹ crore)
Holding Company								
IDFC Limited	106.40	9,497.38	84.75	54.50	(0.07)	(0.09)	28.34	54.41
Indian subsidiary companies								
IDFC AMC Trustee Company Limited	0.01	0.47	0.21	0.13	0.00	0.00	0.07	0.13
IDFC Asset Management Company Limited	2.45	218.30	273.63	175.99	0.68	0.87	92.05	176.86
IDFC Financial Holding Company Limited	105.84	9,448.18	453.08	291.41	-	-	151.66	291.41
IDFC Foundation	0.13	11.71	(53.31)	(34.29)	0.02	0.02	(17.83)	(34.27)
India Multi Avenues Fund Limited	-	-	-	-	-	-	-	-
IDFC IEH Conservative fund	0.48	42.57	0.97	0.63	-	-	0.33	0.63
Foreign subsidiary companies								
IDFC Investment Managers (Mauritius) Limited	0.00	0.31	(0.83)	(0.53)	-	-	(0.28)	(0.53)
Indian associate companies								
IDFC FIRST Bank Limited (formerly known as IDFC Bank Limited)	82.91	7,401.21	11.35	7.30	99.37	127.03	69.89	134.33
Joint venture company								
Delhi Integrated Multi - Modal Transit System Limited	-	-	(93.75)	(60.30)	-	-	(31.38)	(60.30)
Infrastructure Development Corporation (Karnataka) Limited ("iDeck")	-	-	(70.44)	(45.30)	-	-	(23.58)	(45.30)
Total (A)	298.22	26,620.13	605.66	389.54	100.00	127.83	269.27	517.37
a) Adjustment arising out of consolidation								
Intercompany Eliminations	(198.07)	(17,680.43)	(505.24)	(324.96)	-	-	(169.13)	(324.96)
b) Non-controlling interests								
- IDFC IEH Conservative Fund	(0.15)	(12.96)	(0.30)	(0.19)	-	-	(0.10)	(0.19)
- IDFC IEH Tactical Fund	-	-	-	-	-	-	-	-
- IDFC Asset Management Company Limited	(0.00)	(0.10)	(0.12)	(0.08)	-	-	(0.04)	(0.08)
Total (B)	(198.22)	(17,693.49)	(505.66)	(325.23)	-	-	(169.27)	(325.23)
Total (A) + (B)	100.00	8,926.64	100.00	64.31	100.00	127.83	100.00	192.14

43. RELATED PARTY TRANSACTIONS

a) Subsidiaries

Direct (subsidiaries of parent):

IDFC Foundation (upto October 27, 2022)

IDFC Financial Holding Company Limited

Indirect subsidiaries:

IDFC Asset Management Company Limited (upto January 31, 2023)

IDFC AMC Trustee Company Limited (upto January 31, 2023)

IDFC Investment Managers (Mauritius) Limited (upto January 31, 2023)

India Multi Avenues Fund Limited (upto January 31, 2023)

IDFC IEH Conservative Fund (upto October 06, 2022)

b) Joint ventures Indirect subsidiaries:

Delhi Integrated Multi-Modal Transit System Limited (upto October 27, 2022)

Infrastructure Development Corporation (Karnataka) Limited (upto October 27, 2022)

India PPP Capacity Building Trust (upto October 27, 2022)

c) Associates Direct:

Novopay Solutions Private Limited (upto August 31, 2022)

Indirect subsidiaries:

IDFC FIRST Bank Limited

IDFC FIRST Bharat Limited

Millennium City Expressways Private Limited

Jetpur Somnath Tollways Private Limited

d) Key management personnel

Mr. Sunil Kakar - Managing Director & CEO (upto September 30, 2022)

Mr. Mahendra N. Shah - Managing Director (w.e.f. October 01, 2022)

Mr. Bipin Gemani - Chief Financial Officer

Mr. Vinod Rai - Independent director (upto May 24, 2021)

Mr. Vinod Rai -Non Independent director (wef May 25, 2021 upto September 22, 2021)

Ms. Ritu Anand - Independent director (upto August 15, 2022)

Mr. Ajay Sondhi - Independent director

Ms. Anita Belani - Independent Director (w.e.f November 09, 2021)

Dr. Jaimini Bhagwati - Independent director (w.e.f. May 25, 2021)

Mr. Anil Singhvi - Independent director (w.e.f. May 25, 2021)

e) Key management personnel compensation

(In ₹ crore)

	Year ended March 31, 2023	Year ended March 31, 2022
Short-term employee benefit*	11.66	5.48
Long-term employee benefit	0.57	0.62
Total	12.23	6.10

*Includes ESOP perquisite of ₹ 5.92 crores (previous year Nil)

Sitting fees and Commission to directors has been disclosed as “Directors’ Sitting Fees” & “Commission to Directors” under “other expenses” in note 26.

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

(In ₹ crore)

	Associates / JV's / Others 2023	Associates / JV's / Others 2022	Key Management Personnel 2023	Key Management Personnel 2022
INCOME				
Interest	23.66	0.34	-	-
Sitting fees received	0.01	0.04	-	-
EXPENDITURE				
Remuneration paid (other than directors sitting fees & commission to directors)	-	-	12.23	6.10
Shared service cost	-	0.32	-	-
Lease rent	-	0.05	-	-
ASSETS / TRANSACTIONS				
Current account balance	4.37	66.71	-	-
Fixed deposits placed	5,842.65	316.99	-	-
Fixed deposits matured	5,683.30	93.29	-	-
Fixed deposits - Balance outstanding	373.05	223.70	-	-
Interest accrued on deposits	1.06	0.14	-	-
Other receivables	-	0.02	-	-
Outstanding Preference investment	89.55	89.55	-	-
Outstanding Equity investment	10,593.40	8,462.93	-	-

44 The disclosure on the following matters required under Schedule III as amended on March 24, 2021 not being relevant or applicable in case of the Group, same are not covered:

(i) The Group has not traded or invested in crypto currency or virtual currency during the financial year.

(ii) No proceedings have been initiated or are pending against the Group for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

(iii) The Group has not been declared willful defaulter by any bank or financial institution or government or any government authority.

(iv) No satisfaction of charges are pending to be filed with ROC.

(v) There are no transactions which are not recorded in the books of account which have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

(vi) The Holding Company had entered into scheme of arrangement, details of which are disclosed in Note 1A. As approval from RD is still pending, no accounting impact has been given in current or previous financial year. The Holding Company filed petition with National Company Law Tribunal (NCLT) – Chennai and NCLT has passed the order on November 22, 2022 in favor of the Holding Company.

(vii) There have been no revaluation of Plant, Property and Equipment during the current year.

(viii) The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the group (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(ix) The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the group shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(x) The Group has not advanced any loans or advances in the nature of loans to specified persons viz. promoters, directors, KMPs, related parties; which are repayable on demand or where the agreement does not specify any terms or period of repayment.

(xi) The Company has not entered into any transaction with Struck off Companies other than those stated below:.

Name of struck off Company	Nature of transactions with struck-off Company	Balance outstanding (No.of shares as on March 31, 2023)	Balance outstanding (No.of shares as on March 31, 2022)
Arpita Trading	Shares of parent entity	-	4,500
Jalan Holdings Private Limited	held by struck off company	-	1,500
Safna Consultancy Pvt Ltd		500	500
Yogesh Investment Pvt.ltd.		200	200
Vinayak Consulting Private Limited		10	10
Kothari Intergroup Ltd.		2	2
Vaishak Shares Limited		1	1
Dreams Broking Pvt Ltd		1	1
Avni Financial Advisors Private Limited		400	-
Siddha Papers Private Limited		25	-
Binodini Projects Limited		15	-

45. OTHER DISCLOSURES:

(i) The Group did not have any long term contracts including derivative contracts for which there are any material losses.

46. Previous year numbers have been regrouped / rearranged wherever necessary, in order to make them comparable. There are no significant regrouping / reclassification during the year.

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

Devang Doshi
Partner
Membership Number: 140056

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

Anil Singhvi
Non-Executive Chairman
(DIN: 00239589)

Mahendra N. Shah
Managing Director
(DIN: 00124629)

Shivangi Mistry
Company Secretary
(ACS: 52174)

Bipin Gemani
Chief Financial Officer
(PAN: AACPG6412A)

Mumbai, May 04, 2023