

# IDFC FINANCIAL HOLDING COMPANY LIMITED

**CIN** U65900TN2014PLC097942

**DIRECTORS** Mr. Vishwavir Saran Das  
(Chairman)  
Ms. Sudha Krishnan  
Ms. Anita Belani  
Mr. Ajay Sondhi

**AUDITORS** V. C. Shah & Co,  
Chartered Accountants

**PRINCIPAL  
BANKER** IDFC FIRST Bank Limited

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

## BOARD'S REPORT

### TO THE MEMBERS

Your Directors have pleasure in presenting the Ninth Annual Report together with the audited financial statements for the year ended March 31, 2023.

### OPERATIONS REVIEW

IDFC Financial Holding Company Limited ("IDFC FHCL" or "the Company") is a non-operative financial holding Company registered with RBI and holds investments in IDFC FIRST Bank Limited ("IDFC FIRST Bank" or "the Bank").

### FINANCIAL HIGHLIGHTS

	(RS. IN LACS)	
	FOR THE YEAR ENDED MARCH 31, 2023	FOR THE YEAR ENDED MARCH 31, 2022
Total Income	367,631	34,054
Less: Total Expenses	4,192	672
Profit before Tax	363,439	33,382
Less: Provision for Tax	36,714	4,241
<b>Profit after Tax</b>	<b>326,725</b>	<b>29,141</b>

### AMOUNT TO BE CARRIED FORWARD TO RESERVES

The details of amount transferred to reserves are given in note no. 11B of the Notes forming part of the financial statements.

### DIVIDEND

During the year, the Directors do not recommend any dividend for the financial year ended March 31, 2023. The Company is a wholly owned subsidiary of IDFC Limited ("IDFC"). The Company declared and paid interim dividend amounting to Rs. 170/- crores (gross) on April 06, 2022 and Rs. 1,760/- crores (gross) on January 31, 2023.

### HOLDING, SUBSIDIARY, JOINT VENTURE AND ASSOCIATE COMPANIES

The Company has one holding and two associates, as on date which are given below:

SR. NO.	NAME OF THE COMPANY	DIRECT / INDIRECT	% OF SHAREHOLDING
<b>Holding Company</b>			
i.	IDFC Limited	Direct	100.00
<b>Associates</b>			
i.	IDFC FIRST Bank Limited	Direct	39.99
ii.	IDFC FIRST Bharat Limited	Indirect through IDFC FIRST Bank	39.99

A statement containing salient features of the financial statement and all other requisite details of the aforesaid subsidiary company in the format AOC-I shall form part of this report.

### IDFC ASSET MANAGEMENT COMPANY LIMITED AND IDFC AMC TRUSTEE COMPANY LIMITED

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

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

- pay income tax of approx. Rs. 350.00 crore;
- subscribe to preferential offer made by IDFC FIRST Bank @ Rs. 58.18 per share to take our holding in IDFC FIRST Bank from 36.4% to 39.99%, Rs. 2,200.00 crore;
- pay dividend to IDFC's Shareholders Rs. 1,760.00 crore.

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

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

The Boards of IDFC, IDFC FHCL and IDFC FIRST Bank at their respecting meetings held on December 30, 2021 have accorded in-principle approval to merge IDFC and IDFC FHCL with IDFC FIRST Bank. The Board of directors at its meeting held on March 18, 2023 approved: (a) Appointment of SSPA & CO., Chartered Accountants as registered valuer for recommendation of fair share exchange ratio (b) Appointment of Axis Capital Limited for issuance of fairness opinion on the share exchange ratio (c) Appointment of Cyril Amarchand Mangaldas - Law Firm for conducting due diligence, drafting and finalizing scheme of amalgamation and filing regulatory applications.

Based on recommendations and report of the Audit Committee and the Independent Directors' Committee, the Board of Directors of IDFC and IDFC FHCL, at their respective meetings held on July 3, 2023, have Inter alia, approved a composite Scheme of Amalgamation,

## BOARD'S REPORT

("the Scheme") which inter alia envisages the amalgamation of: (i) IDFC FHCL into and with IDFC; and (ii) IDFC into IDFC FIRST Bank, and their respective shareholders, under Sections 230 to 232 of the Act and other applicable laws including the rules and regulations ("Proposed Transaction").

The Scheme is subject to the receipt of requisite approvals from: (i) the Reserve Bank of India ("RBI"), (ii) Securities and Exchange Board of India ("SEBI"), (iii) Pension Fund Regulatory and Development Authority, (iv) Competition Commission of India ("CCI"), (v) National Company Law Tribunal, (vi) BSE Limited and the National Stock Exchange of India Limited (collectively, the "Stock Exchanges"), and (vii) other statutory and regulatory authorities, and the respective shareholders, under applicable law. The share exchange ratio for the amalgamation of IDFC with and into IDFC FIRST Bank shall be 155 equity shares

(credited as fully paid up) of face value of INR 10 (Indian Rupees Ten) each of IDFC FIRST Bank for every 100 fully paid-up equity shares of face value of INR 10 (Indian Rupees Ten) of IDFC.

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

### PREFERENTIAL ISSUE BY IDFC FIRST BANK

On March 23, 2023, IDFC FHCL had subscribed and been allotted 37,75,00, 859 (Thirty Seven Crore Seventy Five Lakh Eight Hundred and Fifty Nine) equity shares of face value of Rs. 10/- each fully paid-up of IDFC FIRST Bank on a preferential basis at a price of Rs. 58.18/- per equity share on payment of the application money of approx. Rs. 2,196.30 Crores (Rupees Two Thousand One Hundred Ninety Six Crore and Thirty Lakhs only) to IDFC FIRST Bank.

### PARTICULARS OF EMPLOYEES

Mr. Bimal Giri, Chief Executive Officer of the Company resigned w.e.f. December 31, 2022.

The Company does not have any employee as on March 31, 2023.

### PUBLIC DEPOSITS

The Company has neither invited nor accepted any Public Deposits during the year under review.

### PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

The provision of Section 186 of the Companies Act, 2013 are not applicable to the Company and hence, the particulars of loans, guarantees and investments have not been given.

### FOREIGN EXCHANGE EARNINGS AND EXPENDITURE

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

### PARTICULARS REGARDING CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

Since the Company does not carry out any manufacturing activity, the particulars regarding conservation of energy, technology absorption and other particulars as required by the Companies (Accounts) Rules, 2014 are not applicable.

### DIRECTORS & KMPs FOR FY23

The following are the Directors and KMPs of the Company:

SR. NO.	NAME OF THE DIRECTOR / KMP	DESIGNATION
1.	Mr. Vishwavir Saran Das	Chairman & Independent Director
2.	Ms. Sudha Krishnan	Independent Director
3.	Mr. Ajay Sondhi	Nominee Director
4.	Ms. Anita Belani	Nominee Director
5.	Mr. Bimal Giri*	Chief Executive Officer (till December 31, 2022)
6.	Mr. Bipin Gemani	Chief Financial Officer
7.	Ms. Shivangi Mistry***	Company Secretary (w.e.f. Sept. 20, 2022)
8.	Mr. Mahendra N Shah**	Company Secretary (till Sept. 19, 2022)

\*The Board of Directors of IDFC FHCL at its meeting held on December 07, 2021 had recommended the re-appointment of Mr. Bimal Giri as the Chief Executive Officer ("CEO") of the Company, subject to approval of the Reserve Bank of India (RBI). RBI, vide its letter dated March 21, 2022, has communicated it's No objection for the re-appointment of Mr. Bimal Giri as CEO of IDFC FHCL w.e.f. April 01, 2022 till March 31, 2023. The Board of Directors of IDFC FHCL, at its meeting held on November 07, 2022 accepted the resignation of Mr. Bimal Giri as CEO of IDFC FHCL at the close of business hours on December 31, 2022.

\*\*The Board of Directors of IDFC FHCL, at its meeting held on September 19, 2022 accepted the resignation of Mr. Mahendra N Shah as Company Secretary and Compliance Officer of IDFC FHCL at the close of business hours on September 19, 2022.

\*\*\*Further, based on recommendation of Nomination and Remuneration Committee, the Board of Directors of the Company appointed Ms. Shivangi Mistry as Company Secretary and Compliance Officer of the Company w.e.f. September 20, 2022 as designated Key Managerial Personnel in place of Mr. Mahendra N Shah.

In accordance with the Articles of Association of the Company and pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Ajay Sondhi (DIN: 01657614) would retire by rotation at the ensuing AGM and being eligible, offers himself for re-appointment. The Board of Directors recommends re-appointment of Mr. Ajay Sondhi at the ensuing AGM.

## BOARD'S REPORT

On June 30, 2023, the Board of Directors of IDFC FHCL, approved appointment of Mr. Mayank Goyal as the “Manager” of the Company with immediate effect. Mr. Mayank Goyal is now designated Key Managerial Personnel in place of Mr. Bimal Giri.

### DECLARATION OF INDEPENDENCE

The Company has received a declaration from IDs, at the time of their respective appointments and also at the first meeting of the Board of Directors held in the financial year, that they meet the criteria of independence specified under sub-section (6) and (7) of Section 149 of the Act, read with Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and that they shall abide by the “Code for Independent Directors” as per Schedule IV of the Act.

### BOARD MEETINGS

During FY23, the Board met Nine times and gap between two consecutive board meetings was less than one hundred and twenty days. The dates of the meetings were: April 06, 2022; May 20, 2022; August 04, 2022; September 19, 2022; November 07, 2022; January 31, 2023; February 06, 2023; February 27, 2023; and March 18, 2023. The composition of the Board is in compliance with the Companies Act, 2013. Attendance details of the Board Meeting are given in table below:

#### ATTENDANCE DETAILS OF BOARD OF DIRECTORS FOR FY23

NAME OF THE DIRECTOR	DIN	POSITION	NO. OF MEETINGS HELD	NO. OF MEETINGS ATTENDED
Mr. Vishwavir Saran Das	03627147	Chairman & Independent Director	9	9
Ms. Sudha Krishnan	02885630	Independent Director	9	9
Mr. Ajay Sondhi	01657614	Nominee Director	9	8
Ms. Anita Belani	01532511	Nominee Director	9	9

### COMMITTEES OF THE BOARD

As of March 31, 2023, IDFC FHCL had the following Board Level Committees:

(i) Audit and Risk Committee; (ii) Nomination & Remuneration Committee; (iii) CSR Committee (iv) IT Strategy Committee (v) Independent Directors Committee

#### AUDIT AND RISK COMMITTEE

During the year, Five Audit & Risk Committee meetings were held: May 20, 2022; August 04, 2022; September 19, 2022, November 07, 2022 and January 31, 2023. The gap between the two meetings was within the limit prescribed under the Companies Act, 2013. The Committee re-constituted on August 04, 2022. Mr. Sondhi ceased to be a member of the committee w.e.f. August 04, 2022.

As on date of this report, the Audit & Risk Committee of the Company comprises of the following members:

1. Ms. Sudha Krishnan - Chairperson
2. Mr. Vishwavir Saran Das - Member
3. Ms. Anita Belani - Member

The committee meets, inter alia, to review the accounts of the Company, transactions with related parties and to discuss the audit findings and recommendations of the internal auditors. The Committee also reviews & monitor Liquidity risk and Operational risk at Company level and reviews risk in detail for 2 underlying operating companies viz. IDFC FIRST Bank & IDFC AMC (till January 31, 2023).

#### ATTENDANCE DETAILS OF AUDIT AND RISK COMMITTEE MEETINGS FOR FY23

NAME OF THE MEMBER	POSITION	STATUS	NO. OF MEETINGS HELD DURING TENURE	NO. OF MEETINGS ATTENDED DURING TENURE
Ms. Sudha Krishnan	Independent Director	Chairperson	5	5
Mr. Vishwavir Saran Das	Independent Director	Member	5	5
Mr. Ajay Sondhi <sup>1</sup>	Nominee Director	Member	2	2
Ms. Anita Belani	Nominee Director	Member	5	5

<sup>1</sup> Ceased to be Member w.e.f. August 04, 2022

#### NOMINATION AND REMUNERATION COMMITTEE (“NRC”)

The NRC meets, inter alia, to fill up of vacancies in the Board, evaluate the performance of the Board and its individual Members. The NRC recommends to the Board from time to time the framework relating to the remuneration for the Directors and Key Managerial Personnel. The Company has put in place Board approved remuneration policy which is in line with the requirements of the Act. The Committee met once during FY23 on March 17, 2023. The Committee re-constituted on August 04, 2022. Mr. Sondhi ceased to be a member of the committee w.e.f. August 04, 2022. The composition and attendance details of NRC of the Company for FY23 is given below:

As on date, Committee comprises of

1. Ms. Anita Belani - Chairperson
2. Ms. Sudha Krishnan - Member
3. Mr. Vishwavir Saran Das - Member

## BOARD'S REPORT

### ATTENDANCE DETAILS OF NOMINATION AND REMUNERATION COMMITTEE MEETINGS FOR FY23

NAME OF THE MEMBER	POSITION	STATUS	NO OF MEETINGS HELD IN FY23	NO OF MEETINGS ATTENDED IN FY23
Ms. Anita Belani	Nominee Director	Chairperson	1	1
Mr. Vishwavir Saran Das	Independent Director	Member	1	1
Ms. Sudha Krishnan	Independent Director	Member	1	1
Mr. Ajay Sondhi <sup>1</sup>	Nominee Director	Member	0	0

<sup>1</sup> Ceased to be Member w.e.f. August 04, 2022

### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

No CSR meeting held during FY23. The Committee re-constituted on August 04, 2022. Mr. Vishwavir Saran Das ceased to be member of the Committee w.e.f. August 04, 2022. The composition and attendance details of the Meetings of Corporate Social Responsibility Committee of the Company are given below:

### ATTENDANCE DETAILS OF CORPORATE SOCIAL RESPONSIBILITY COMMITTEE MEETINGS FOR FY23

NAME OF THE MEMBER	POSITION	STATUS	NO OF MEETINGS HELD IN FY23	NO OF MEETINGS ATTENDED IN FY23
Ms. Anita Belani	Nominee Director	Chairperson	0	0
Mr. Vishwavir Saran Das <sup>1</sup>	Independent Director	Member	0	0
Ms. Sudha Krishnan	Independent Director	Member	0	0
Mr. Ajay Sondhi	Nominee Director	Member	0	0

<sup>1</sup> Ceased to be Member w.e.f. August 04, 2022

Pursuant to Section 135 and Schedule VII of the Act and Rules made thereunder and on recommendation of CSR Committee, the Board approved the CSR Policy and the said policy is available on the website of the Company - [www.idfclimited.com](http://www.idfclimited.com).

### IT STRATEGY COMMITTEE

As per the provisions of RBI master direction RBI/DNBS/2016-17/53 DNBS PPD.No.04/66.15.001/2016-17 dated June 8, 2017 pertaining to "Information Technology Framework for NBFC sector, during the year, IT Strategy Committee was reconstituted on March 18, 2023 having Ms. Sudha Krishnan as Independent Director & Chairperson of the Committee and Mr. Mahendra N Shah & Mr. Bipin Gemani as Members. Mr. Mahendra N Shah was inducted as a member in place of Mr. Sunil Kakar. The Committee met twice on May 09, 2022 and November 07, 2022 and all the Members attended the meeting.

### STRATEGY AND INVESTMENT COMMITTEE

The Board of Directors at its meeting held on August 04, 2022 decided to discontinue the said committee with immediate effect.

### SEPARATE MEETING OF INDEPENDENT DIRECTORS

The Independent Directors of the Company met on March 17, 2023 without the presence of Non-Independent Directors and Senior Management team of the Company. All Independent Directors attended the meeting and discussed the matter as required under the relevant Provisions of the Companies Act, 2013.

### BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013, a detailed questionnaire was prepared and circulated to the Board for Annual evaluation for FY23. The Directors evaluated the Board as a whole, its committee and Individual Directors including Chairman and Independent Director. The exercise of Board evaluation was carried out and completed effectively.

### AUDITORS

At the AGM of the Company held on September 20, 2021, the Shareholders had approved the appointment of V. C. Shah & Co, Chartered Accountants (FRN NO: 109818W), as Statutory Auditors of the IDFC FHCL for a period of 3 years to hold office from the conclusion of the 7<sup>th</sup> AGM till the conclusion of the 10<sup>th</sup> AGM of the Company. V. C. Shah & Co has confirmed that they are not disqualified from continuing as Statutory Auditors of the Company for FY23-24. In accordance with the Companies Amendment Act, 2017, enforced on May 7, 2018, by the Ministry of Corporate Affairs, the appointment of the Statutory Auditors is not required to be ratified at every Annual General Meeting.

### RELATED PARTY TRANSACTION

The Company has in place the policy on Related Party Transactions ("RPT") and the same has been uploaded on the website of the Company [www.idfclimited.com](http://www.idfclimited.com). Since all RPTs entered into by the Company were in ordinary course of business and were on arm's length basis, Form AOC-2 is not applicable to the Company.

### REMUNERATION POLICY

The Company has a policy in place for identification of Independence, qualifications and positive attributes of Directors. The Board approved the Remuneration Policy for the Directors and Key Managerial Personnel, which is formulated in line with the requirements of the Companies Act, 2013.

### INTERNAL CONTROL SYSTEMS

The Company has in place adequate internal control systems which commensurate with the size and operations of the company.

## **BOARD'S REPORT**

### **RISK MANAGEMENT**

The Members of the Audit & Risk Committee ensure the measurement and control of risk factors and advice on the same to the Management of the Company.

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

There were no significant material orders passed by the Regulators / Courts / Tribunal which would impact the going concern status of the Company and its future operations.

### **SECRETARIAL AUDIT**

Pursuant to the provisions of Section 204 of the Act and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed M/s. Bhandari & Associates, Company Secretaries to undertake the Secretarial Audit of the Company for FY23. The Secretarial Audit Report forms part of this report.

There are no qualifications or observations or adverse remarks made by the Statutory Auditors and Secretarial Auditors in their respective reports.

### **COST AUDIT**

The Company is not required to undertake cost audit or appoint cost auditor. Hence, maintenance of cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 is not applicable to the Company.

### **COMPLIANCE WITH SECRETARIAL STANDARDS**

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

### **MATERIAL CHANGES/ COMMITMENTS**

As per Section 134(3)(l) of the Companies Act, 2013, there have been no material changes and commitments affecting the financial position of the Company that has occurred between March 31, 2023 till the date of this report.

### **ANNUAL RETURN**

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

### **INSTANCES OF FRAUD, IF ANY REPORTED BY THE AUDITORS**

There have been no instances of fraud reported by the Auditors under Section 143(12) of the Companies Act, 2013.

### **PROCEEDINGS UNDER INSOLVENCY AND BANKRUPTCY**

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

### **DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors confirm that:

- a) in the preparation of the annual financial statements for the year ended March 31, 2023, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b) such accounting policies have been selected and applied consistently and judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2023 and of the profit of the Company for that period;
- c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the annual financial statements have been prepared on a going concern basis; and
- e) systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

### **ACKNOWLEDGMENTS**

We are grateful to RBI and other regulatory bodies for their co-operation and support. The Directors also express their gratitude for the unstinted support and guidance received from IDFC Limited and other group companies.

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

#### **Vishwvir Saran Das**

Chairman

Ahmedabad  
July 03, 2023

## ANNEXURE I

### AOC - 1

#### STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENTS OF SUBSIDIARIES / ASSOCIATES / JOINT VENTURES

[Pursuant to first proviso to sub-section 3 of Section 129 of the Act, read with Rule 5 of the Companies (Accounts) Rules 2014]

PART A SUBSIDIARIES														₹ IN CRORE	
Sr. No.	Name of Subsidiary Companies	Capital	Reserves	Total Assets	Total Liabilities	Investments	Turn-over	Profit before tax	Provision for tax	Other Comprehensive Income	Comprehensive Income	Total Comprehensive Income	Proposed Dividend (%)	% of Shareholding	
1	IDFC Asset Management Company Limited (till January 31, 2023) (Previous Year)	-	-	-	-	-	303.52	117.28	29.66	1.53	89.14	89.14	-	0.00%	
2	IDFC IEH Conservative Fund (till October 06, 2022) (Previous Year)	2.68	215.62	358.96	140.66	256.98	397.91	233.59	57.60	0.87	176.86	176.86	-	99.96%	
3	IDFC AMC Trustee Company Limited (till January 31, 2023) (Previous Year)	43.14	(0.57)	42.93	0.37	38.37	1.74	0.50	(0.01)	-	(0.28)	(0.28)	-	0.00%	
4	IDFC Investment Managers (Mauritius) Limited ^ (till January 31, 2023) (Previous Year)	0.05	0.42	0.55	0.08	-	0.60	0.18	0.05	β	0.01	0.13	-	100%	
		-	-	-	-	-	-	(0.47)	-	-	(0.47)	(0.47)	-	0.00%	
		4.31	(4.00)	0.36	0.05	-	-	(0.53)	-	-	(0.53)	(0.53)	-	99.96%	

^ Exchange rate as on January 31, 2023

Average Rate : 1 USD = ₹ 80.22

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

## ANNEXURE I

### AOC - I

#### STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENTS OF SUBSIDIARIES / ASSOCIATES / JOINT VENTURES

[Pursuant to first proviso to sub-section 3 of Section 129 of the Act, read with Rule 5 of the Companies (Accounts) Rules 2014]

Part B		ASSOCIATES AND JOINT VENTURES		₹ IN CRORE	
SR. NO.	NAME OF ASSOCIATES/JOINT VENTURES	IDFC FIRST BANK LIMITED	IDFC FIRST BHARAT LIMITED		
1	Latest audited Balance Sheet Date	March 31, 2023	March 31, 2023		
2	The date since when Associate/Joint Ventures was acquired	October 21, 2014	October 13, 2016		
3	Shares/Units of Associate/Joint Ventures held by the company on the year end				
	Numbers of shares/units	2,646,438,348	2,231,998		
	Amount of Investment in Associates/ Joint Venture	10,550.76	232.40		
	Extent of Holding %	39.99%	39.99%		
4	Description of how there is significant	Associate influence	Associate influence		
5	Reason why the associate/joint venture is not consolidated	NA	NA		
6	Net worth attributable to Shareholding as per latest audited Balance Sheet	10,822.21	50.59		
7	Profit / (Loss) for the year				
	i. Considered in Consolidation	993.67	18.92		
	ii. Not Considered in Consolidation	-	-		

**Note 1:** IDFC FIRST Bank Limited is considered as an associate under Ind AS 28. Further, IDFC FIRST Bharat Limited is a 100% subsidiary of IDFC FIRST Bank Limited.

**Note 2:** Names of associates or joint ventures which are yet to commence operations. NA

For and on behalf of the Board of Directors of  
**IDFC Financial Holding Company Limited**  
CIN: U65900TN2014PLC097942

**Ms. Sudha Krishnan**  
Director  
DIN: 02885630

**Vishwavir Saran Das**  
Director  
DIN: 03627147

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

**Shivangi Mistry**  
Company Secretary  
ACS: 52174

Mumbai, April 25, 2023

**SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED MARCH 31, 2023**

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

To  
The Members,  
**IDFC FINANCIAL HOLDING COMPANY LIMITED**  
**CIN: U65900TN2014PLC097942**

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

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

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

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder#;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings#.
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (“SEBI Act”):-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018#;
  - d. The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021#;
  - e. The Securities and Exchange Board of India (Issue and Listing of Non- Convertible Securities) Regulations, 2021#;
  - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021#; and
  - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018#;

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

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

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

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

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

## ANNEXURE II

### SECRETARIAL AUDIT REPORT (Contd.)

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

#### **We further report that -**

The Board of Directors of the Company is duly constituted with Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

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

**We further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

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

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

For **Bhandari & Associates**

**Company Secretaries**

**Firm Registration No: P1981MH043700**

**Manisha Maheshwari**

Partner

ACS No: 30224; C P No.: 11031

UDIN: A030224E000186677

Mumbai | April 25, 2023

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

To  
The Members,  
**IDFC FINANCIAL HOLDING COMPANY LIMITED**  
**CIN: U65900TN2014PLC097942**

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of Financial Records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

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

**Manisha Maheshwari**  
Partner  
ACS No: 30224; C P No.: 11031  
UDIN: A030224E000186677  
Mumbai | April 25, 2023

# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF IDFC FINANCIAL HOLDING COMPANY LIMITED

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying financial statements of IDFC Financial Holding Company Limited (the "Company"), which comprise the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date and a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023 and its profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

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

#### Emphasis of matter

We draw your attention to Note no. 19(i) of the Financial Statement regarding the merger of the Company with IDFC Limited eventually with IDFC First Bank Limited which is subject to regulatory approval. Our opinion is not modified in respect of this matter.

#### Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

#### Auditor's Responsibilities for the Audit of the Financial Statements

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

## INDEPENDENT AUDITOR'S REPORT

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in "**Annexure A**", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by Section 143(3) of the Act, based on our audit we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.
  - (e) On the basis of the written representations received from the directors as on March 31, 2023, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023, from being appointed as a director in terms of Section 164(2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- (B) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197 (16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (C) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

## INDEPENDENT AUDITOR'S REPORT

- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note No.22 to the financial statements.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. (a) The Management has represented that, to the best of its knowledge and belief, as disclosed in the Note No.28 (ix) to the financial statements, during the year, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;  
  
(b) The Management has represented, that, to the best of its knowledge and belief, as disclosed in the Note No.28(x) to the financial statements, during the year, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;  
  
(c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v. The dividend declared or paid during the year by the Company is in compliance with Section 123 of the Act.

**For V. C. Shah & Co.**  
Chartered Accountants  
ICAI Firm Registration No.109818W

**Viral J. Shah**  
Partner  
Membership No.: 110120  
UDIN: 23110120BGXNHU5639

Place: Mumbai  
Date: April 25, 2023

## ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

**(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the Members of IDFC FINANCIAL HOLDING COMPANY LIMITED on the Ind AS financial statements for the year ended March 31, 2023)**

Based on the audit procedures performed for the purpose of reporting a true and fair view on the Ind AS financial statements of the Company and to the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we report that:

- i.
  - (a) The Company does not hold any Property, Plant and Equipment and intangible assets during the year ended March 31, 2023. Therefore, the provisions of Clause 3(i)(a), Clause 3(i)(b) and Clause 3(i)(d) of the Order are not applicable to the Company.
  - (b) According to the information and explanations given to us, there are no immovable properties, and accordingly, the requirements of reporting under paragraph 3(i)(c) of the Order are not applicable to the Company.
  - (c) According to the information and explanations given to us and as represented by the management of the Company, no proceedings have been initiated during the year or are pending against the Company as at March 31, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder. Hence, reporting under clause 3(i)(e) is not applicable.
- ii.
  - (a) The Company is in the business of rendering financial services and consequently, does not hold any inventory. Accordingly, reporting under paragraph 3(ii)(a) of the Order is not applicable to the Company.
  - (b) The Company has not been sanctioned working capital limits in excess of ₹ 5 crores in aggregate during the year, from banks or financial institutions, on the basis of security of current assets of the Company. Accordingly, reporting under paragraph 3(ii)(b) of the Order is not applicable to the Company.
- iii. The Company has made investments in companies and granted unsecured loans to other parties, during the year, in respect of which
  - a) During the year, the company has granted unsecured Loan to its holding co as follows:

	Rs. in Crores
Particulars	Deposits
Aggregate amount granted during the year	75.80
Balance outstanding as at March 31, 2023 in respect of above	-

During the year, the company has not provided security to companies, firms, limited liability partnership or any other parties.

- b) In our opinion, the investments made, loans granted during the year are, prima facie, not prejudicial to the Company's interest. The company has not provided any guarantees to any parties.
  - c) According to the information and explanations given to us and based on the audit procedures performed by us, for the nature of loan given to parties, the schedule of repayment of principal and payment of interest is stipulated, and the same is regularly received.
  - d) There are no amounts of loans granted to companies, firms, limited liability partnerships or any other parties which are overdue for more than ninety days.
  - e) There are no loans or advances in the nature of loan granted to companies which are fallen due during the year, that have been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties.
  - f) The Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.
- vi. In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees and securities granted in respect of which provisions of section 185 and 186 of the Companies Act, 2013, are applicable. Accordingly, reporting under paragraph 3(iv) of the Order is not applicable to the Company.
  - v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits. Accordingly, reporting under paragraph 3(v) of the Order is not applicable to the Company.
  - vi. The maintenance of cost records has not been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 for the business activities carried out by the Company. Hence, reporting under paragraph 3(vi) of the Order is not applicable to the Company.

## ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

vii. In respect of statutory dues:

- (a) According to the information and explanations given to us and on the basis of the records of the Company examined by us, in our opinion, the Company is regular in depositing undisputed statutory dues, including goods and services tax, provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues applicable to it with the appropriate authorities.

According to the information and explanations given to us, there were no undisputed amounts payable in respect of goods and services tax, provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues in arrears as at March 31, 2023, outstanding for a period of more than six months from the date they became payable.

- (b) Details of statutory dues referred to in sub-clause (a) above which have not been deposited as on March 31, 2023 on account of disputes are given below:

NAME OF THE STATUTE	NATURE OF THE DUES	AMOUNT ₹	PERIOD TO WHICH THE AMOUNT RELATES	FORUM WHERE DISPUTE IS PENDING	REMARKS
Income Tax Act, 1961	Income Tax	12,750,620	AY 2019-20	Commissioner of Income Tax	Disputed Tax

viii. According to the information and explanations given to us and on the basis of our audit procedures, there were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).

- ix. (a) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or other borrowings or in payment of any interest thereon to any lender. Accordingly, reporting under paragraph 3(ix)(a) of the Order is not applicable to the Company.

(b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not obtained any term loans.

(d) According to the information and explanations given to us, and the audit procedures performed by us, and on an overall examination of the financial statements of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) On an overall examination of the financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.

(f) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.

- x. (a) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year under report. Accordingly, the provisions stated in paragraph 3(x)(a) of the Order is not applicable to the Company.

(b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally). Accordingly, reporting under paragraph 3(x)(b) of the Order is not applicable to the Company.

- xi. (a) During the course of our audit, examination of the books of account and records of the Company, carried out in accordance with generally accepted auditing practices in India and according to the information and explanations given to us, no instance of material fraud by the Company or on the Company has been noticed or reported during the year, nor have we been informed of any such case by the management of the company.

(b) No report under sub-section (12) of section 143 of the Companies Act was required to be filed in Form ADT- 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.

(c) As represented by the management, there were no whistle blower complaints received by the Company during the year.

- xii. The Company is not a Nidhi Company, hence, reporting under paragraph 3(xii) of the Order is not applicable to the Company.

- xiii. According to the information and explanations provided to us and based on our examination of the records of the Company, in our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 with respect to applicable transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

## **ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT**

- xiv. (a) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.
- xv. According to the information and explanations given to us, in our opinion, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors. Hence, the provisions of section 192 of the Companies Act, 2013, are not applicable to the Company.
- xvi. (a) The Company is required to and has been registered under Section 45-IA of the Reserve Bank of India Act, 1934 as a Non-Operative Financial Holding Company (NOFHC). It has obtained the certificate of registration vide CoR No. N-07.00805 dated June 18, 2015.
- (b) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, reporting under paragraph 3(xvi)(c) of the Order is not applicable to the Company.
- (c) According to the information and explanations provided to us, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under paragraph 3(xvi) (d) of the Order is not applicable.
- xvii. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year. Hence, reporting under paragraph 3(xvii) of the Order is not applicable to the Company.
- xviii. There has been no resignation of the statutory auditors of the Company during the year. Hence, reporting under clause 3 (xviii) is not applicable.
- xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx. According to the information and explanations provided to us and in our opinion, there are no amounts required to be spent by the Company on CSR activities. Accordingly, reporting under paragraphs 3(xx)(a) and 3(xx)(b) of the Order is not applicable to the Company for the year under report.

**For V. C. Shah & Co.**  
Chartered Accountants  
ICAI Firm Registration No.109818W

**Viral J. Shah**  
Partner  
Membership No.: 110120  
UDIN: 23110120BGXNHU5639

Place: Mumbai  
Date: April 25, 2023

## ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 2(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date to the Members of IDFC FINANCIAL HOLDING COMPANY LIMITED on the Ind AS financial statements for the year ended March 31, 2023)

### Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of sub- section 3 of Section 143 of the Companies Act, 2013 (the “Act”)

We have audited the internal financial controls over financial reporting of **IDFC FINANCIAL HOLDING COMPANY LIMITED** (the “Company”) as of March 31, 2023 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

#### Management’s Responsibility for Internal Financial Controls

The Management of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the “ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the ICAI and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

#### Meaning of Internal Financial Controls over Financial Reporting

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

#### Inherent Limitations of Internal Financial Controls over Financial Reporting

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

#### Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2023, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

#### For V. C. Shah & Co.

Chartered Accountants  
ICAI Firm Registration No.109818W

#### Viral J. Shah

Partner  
Membership No.: 110120  
UDIN: 23110120BGXNHU5639

Place: Mumbai  
Date: April 25, 2023

# BALANCE SHEET

AS AT MARCH 31, 2023

(₹ in Lakhs)

	Note	As at March 31, 2023	As at March 31, 2022
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash and cash equivalents	2	4,708	21,406
Bank balances other than cash and cash equivalents above	2a	21,850	-
Investments	3	1,055,076	835,446
Other financial assets	4	105	19
<b>Non-financial assets</b>			
Income tax assets (Net)	5	505	618
Assets classified as held for sale	6	-	92,988
<b>Total assets</b>		<b>1,082,244</b>	<b>950,477</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>Financial liabilities</b>			
Payables	7		
Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		3,340	43
<b>Non-financial liabilities</b>			
Income tax liabilities (Net)	8	55	-
Other non-financial liabilities	9	306	9
Liabilities classified as held for sale	10	-	5,607
<b>EQUITY</b>			
Equity share capital	11A	902,924	902,924
Other equity	11B	175,619	41,894
<b>Total liabilities and equity</b>		<b>1,082,244</b>	<b>950,477</b>

The accompanying notes are integral part of these financial statements.  
This is the balance sheet referred to in our report of even date.

**For V. C. Shah & Co.**  
Chartered Accountants  
(Firm Registration No: 109818W)

**Viral J. Shah**  
Partner  
Membership Number : 110120

Mumbai, April 25, 2023

For and on behalf of the Board of Directors of  
**IDFC Financial Holding Company Limited**  
CIN: U65900TN2014PLC097942

**Ms. Sudha Krishnan**  
Director  
DIN: 02885630

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

**Vishwavir Saran Das**  
Director  
DIN: 03627147

**Shivangi Mistry**  
Company Secretary  
ACS: 52174

# STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2023

	Note	Year ended March 31, 2023	Year ended March 31, 2022
(₹ in Lakhs)			
<b>Revenue from operations</b>			
Dividend Income [see note 21]		17,306	34,024
<b>Total revenue from operations</b>		<b>17,306</b>	<b>34,024</b>
<b>Other income</b>			
Interest income	12	2,410	30
Gain on sale of investment in subsidiary	13	347,915	-
<b>Total other income</b>		<b>350,325</b>	<b>30</b>
<b>Total income</b>		<b>367,631</b>	<b>34,054</b>
<b>Expenses</b>			
Finance costs	14	36	463
Employee Benefit Expenses	15	68	92
Other expenses	16	4,088	117
<b>Total expenses</b>		<b>4,192</b>	<b>672</b>
<b>Profit before tax</b>		<b>363,439</b>	<b>33,382</b>
<b>Income tax expense:</b>			
- Current tax	17	36,707	4,240
- Tax adjustment of earlier years		7	1
<b>Total tax expense</b>		<b>36,714</b>	<b>4,241</b>
<b>Profit for the year</b>		<b>326,725</b>	<b>29,141</b>
<b>Other comprehensive income for the year</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>326,725</b>	<b>29,141</b>
<b>Earnings per equity share of ₹ 10 each</b>			
- Basic (₹)	18	3.62	0.32
- Diluted (₹)		3.62	0.32

The accompanying notes are integral part of these financial statements.

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

**For V. C. Shah & Co.**  
Chartered Accountants  
(Firm Registration No: 109818W)

**Viral J. Shah**  
Partner  
Membership Number : 110120

Mumbai, April 25, 2023

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**Shivangi Mistry**  
Company Secretary  
ACS: 52174

# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2023

A. Equity share capital		(₹ in Lakhs)	
	Note	Number	Amount
<b>As at April 01, 2021</b>	11A	9,029,240,000	902,924
Issued during the year		-	-
<b>As at March 31, 2022</b>	11A	9,029,240,000	902,924
Issued during the year		-	-
<b>As at March 31, 2023</b>	11A	9,029,240,000	9,02,924

  

B. Other equity		Reserves and surplus		Total other equity
	Note	Special Reserve u/s. 45-IC of RBI Act, 1934	Retained earnings	
<b>As at April 01, 2021</b>	11B	16,509	(3,756)	12,753
Profit for the year		-	29,141	29,141
Other comprehensive income		-	-	-
<b>Total comprehensive income</b>		-	29,141	29,141
- Transfer to special reserve u/s. 45-IC of RBI Act, 1934		7,285	(7,285)	-
<b>As at March 31, 2022</b>	11B	23,794	18,100	41,894
Profit for the year		-	326,725	326,725
Other comprehensive income		-	-	-
<b>Total comprehensive income</b>		-	326,725	326,725
Transactions with owners in their capacity as owners:				
- Dividends paid		-	(193,000)	(193,000)
- Transfer to special reserve u/s. 45-IC of RBI Act, 1934		81,681	(81,681)	-
<b>As at March 31, 2023</b>	11B	105,475	70,144	175,619

The accompanying notes are integral part of these financial statements.

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

**For V. C. Shah & Co.**  
Chartered Accountants  
(Firm Registration No: 109818W)

**Viral J. Shah**  
Partner  
Membership Number : 110120

For and on behalf of the Board of Directors of  
**IDFC Financial Holding Company Limited**  
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**Vishwavir Saran Das**  
Director  
DIN: 03627147

**Shivangi Mistry**  
Company Secretary  
ACS: 52174

Mumbai, April 25, 2023

# STATEMENT OF CASH FLOW

FOR THE YEAR ENDED MARCH 31, 2023

	Note	Year ended March 31, 2023	(₹ in Lakhs) Year ended March 31, 2022
<b>CASH FLOW FROM OPERATING ACTIVITIES :</b>			
<b>Profit before tax</b>		363,439	33,382
Adjustments for :			
Dividend received from subsidiaries		(17,306)	(34,024)
Gain on sale of investment in subsidiaries	13	(347,915)	-
Interest income from term deposits	12	(2,360)	(30)
Interest income from inter corporate deposits	12	(50)	-
Interest received on term deposits with banks and inter corporate deposits		2,319	16
Finance cost	14	36	463
<b>Operating profit before working capital changes</b>		(1,837)	(193)
<b>Adjustments for increase / (decrease) in operating assets &amp; liabilities:</b>			
Trade payables	7	3,297	14
Other non financial liabilities	9	297	(11)
Other financial assets		5	-
Cash generated from operations		1,762	(190)
Less : Income taxes paid (net of refunds)		(36,546)	(4,745)
<b>Net cash outflow from operating activities</b>	(A)	(34,784)	(4,935)
<b>CASH FLOW FROM INVESTING ACTIVITIES :</b>			
Dividend received from subsidiaries		17,306	34,024
Purchase of investment in equity shares of associate	3	(219,630)	-
Purchase of investment in equity shares of subsidiary	6	(13,755)	-
Proceeds from sale of subsidiaries	6	449,051	-
Term deposits placed during the year	2a	(21,850)	-
<b>Net cash inflow / (outflow) from investing activities</b>	(B)	211,122	34,024
<b>CASH FLOW FROM FINANCING ACTIVITIES :</b>			
Dividend paid to shareholder		(193,000)	-
Inter corporate deposit taken		10,000	1,000
Inter corporate deposit repaid		(10,000)	(8,500)
Finance cost	14	(36)	(625)
<b>Net cash inflow / (outflow) from financing activities</b>	(C)	(193,036)	(8,125)
<b>NET (DECREASE) / INCREASE IN CASH AND BANK BALANCES (A+B+C)</b>		(16,698)	20,964
Add : Cash and cash equivalents at beginning of the year	2	21,406	442
<b>Cash and cash equivalents at end of the year</b>	2	4,708	21,406

The accompanying notes are integral part of these financial statements.  
This is the statement of cash flow referred to in our report of even date.

**For V. C. Shah & Co.**  
Chartered Accountants  
(Firm Registration No: 109818W)

For and on behalf of the Board of Directors of  
**IDFC Financial Holding Company Limited**  
CIN: U65900TN2014PLC097942

**Viral J. Shah**  
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Chief Financial Officer  
PAN: AACPG6412A

**Shivangi Mistry**  
Company Secretary  
ACS: 52174

Mumbai, April 25, 2023

# NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023

## 1A. BACKGROUND

IDFC Financial Holding Company Limited - a non-operative financial holding company (NOFHC) ('the Company') is a public company, incorporated in India. The Company is a wholly owned subsidiary of IDFC Limited. The Company has received certificate of registration for NBFC NOFHC from Reserve Bank of India (RBI), on June 18, 2015. As per the Guidelines for Licensing of New Banks in the Private sector issued by RBI, the company, holds investment in IDFC FIRST Bank Limited as well as all other financial services entities of the group regulated by RBI or other financial sector regulators.

These financial statements were authorised for issue by the Board of Directors on April 25, 2023.

## 1B. SIGNIFICANT ACCOUNTING POLICIES

### BASIS OF PREPARATION

#### i) Compliance with Ind AS

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

#### ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for following financial asset which are measured at fair value:

- Certain financial assets and liabilities (including contingent consideration receivable) - measured at fair value;
- Assets held for sale - measured at lower of carrying value or fair value less cost to sell;
- Share-based payments - measured at fair value.

#### iii) New and amended standards adopted

The Company has applied the following amendments to Ind AS for the first time for their annual reporting period

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

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

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

- Indian Accounting Standard (Ind AS) 101
- Indian Accounting Standard (Ind AS) 102
- Indian Accounting Standard (Ind AS) 103
- Indian Accounting Standard (Ind AS) 107
- Indian Accounting Standard (Ind AS) 109
- Indian Accounting Standard (Ind AS) 115
- Indian Accounting Standard (Ind AS) 1
- Indian Accounting Standard (Ind AS) 8
- Indian Accounting Standard (Ind AS) 12
- Indian Accounting Standard (Ind AS) 34

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

#### v) Order of liquidity

The Company is covered in the definition of Non-Banking Financial Company as defined in Companies (Indian Accounting Standards) (Amendment) Rules, 2016. Pursuant to Schedule III-Division III of the Companies Act, 2013, the Company presents its balance sheet in the order of liquidity. This is since the Company does not supply goods or services within a clearly identifiable operating cycle, therefore making such presentation more relevant. A maturity analysis of recovery or settlement of assets and liabilities within 12 months after the reporting date and more than 12 months after the reporting date is presented in Note 27(ii).

vi) Consolidation

The following set of financial statements represents the standalone financial statements of the Company. The exemption under para 4 (a) (iv) of Ind AS 110 has been applied and consolidated financial statements have not been prepared. The Company is included in the consolidated financial statements of IDFC Limited (holding company) for the year ended March 31, 2023.

**a) Investment in subsidiary and Associates**

Investment in subsidiaries and associates are measured at cost less accumulated impairment. See note (h) below for the accounting policy for Impairment of financial assets.

**b) Revenue recognition**

Ind AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue and two approaches to recognizing revenue: at a point in time or over time and supersedes current revenue recognition guidance found within Ind AS. Revenue is measured at fair value of the consideration received or receivable.

- i) Dividend income is recognised when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably. This is generally when the shareholders approve the dividend.
- ii) Interest income on bank deposits are accounted on accrual basis using effective interest rate method and recognised in the statement of profit and loss as a part of other income.

**c) Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, cash in bank, demand deposits with banks and other deposits with bank with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**d) Financial assets**

**i) Classification**

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

- those to be measured subsequently at fair value through statement of profit and loss (FVTPL); and
- those measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will be recorded in statement of profit and loss.

Debt instruments

For financial assets other than equity, the classification will depend on contractual terms of the cash flows and on the business model in which the financial asset is held.

Equity instruments

The Company measures all equity investments at fair value through profit or loss, except where the Company has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income.

Currently, the Company does not hold any investments in equity instruments other than investment in subsidiaries and associates.

**ii) Recognition**

Regular way purchase and sale of financial assets are recognised on trade date, the date on which the Company commits to purchase or sell the financial asset.

**iii) Initial recognition**

At initial recognition, in the case of a financial asset not at fair value through profit and loss, the Company measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in statement of profit or loss.

**iv) Subsequent measurement**

Debt instruments

**Measured at amortised cost:** Financial assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows that are solely payments of principal and interest, are subsequently measured at amortised cost using the effective interest rate ('EIR') method less impairment, if any. The amortisation of EIR and loss arising from impairment, if any is recognised in the statement of profit and loss.

**Measured at fair value through statement of profit and loss:** A financial asset not classified as amortised cost, is

classified as FVTPL. Such financial assets are measured at fair value with all changes in fair value, including interest and dividend income, recognised as in the statement of profit and loss.

Equity instruments

The Company subsequently measures all equity investments at fair value. Changes in the fair value of financial assets measured at fair value through statement of profit and loss or through statement of other comprehensive income depending upon the irrevocable election made at the time of initial recognition.

**v) Impairment of financial assets**

The Company is required to assess on a forward looking basis the expected credit losses associated with its assets carried at amortised cost.

**vi) Derecognition**

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the contractual rights to receive the cash flows from the asset.

**e) Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gains/(losses).

**f) Financial liabilities:**

**i) Initial recognition and measurement**

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at its fair value plus or minus transaction costs that are directly attributable to the issue of the financial liability.

The Company has no financial liabilities that are measured at fair value through statement of profit and loss.

**ii) Subsequent measurement**

Financial liabilities are subsequently measured at amortised cost using the EIR method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the gross carrying amount of a financial liability. The calculation includes transaction costs or premiums paid that are integral to the effective interest rate.

**iii) Derecognition**

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

**g) Non-current assets held for sale**

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

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

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

**h) Impairment of assets**

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount

exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Nonfinancial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

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

**i) Income tax**

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in India. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

**j) Trade and other payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

**k) Offsetting financial instruments**

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

**l) Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses. Provisions are measured at best estimate of the future expenditure required to settle the present obligation at the balance sheet date.

**m) Borrowing costs**

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

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

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

**n) Employee Stock Option (ESOP)**

IDFC Asset Management Company Limited ("IDFC AMC"), a subsidiary of the Company, introduced IDFC AMC Employee Stock Option Scheme, 2020 ("ESOS 2020") to enable the employees of IDFC AMC to participate in the future growth and financial success of the IDFC AMC. IDFC Financial Holding Limited (an immediate parent of IDFC AMC) has right to buy back the shares from the employees as per the terms of the scheme. On applying the guidance under Ind AS 102 the said scheme is classified as "cash settled" in the standalone financial statements of the Company.

However, the employees of IDFC AMC are not providing services to the Company; so there is no share-based payment remuneration expense recorded in the IDFC FHCL's separate financial statements. Instead, the share-based payment transaction results in a debit to 'investment in subsidiary'; and a corresponding liability is recorded at fair value at each reporting date using the principles of Cash settled share based payments under Ind AS 102.

**o) Contingencies**

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

**p) Earnings per share**

**i) Basic earnings per share is calculated by dividing:**

- the profit attributable to equity shareholders of the Company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year.

**ii) Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:**

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

**q) Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. See note 21 for segment information presented.

**r) Rounding of amounts**

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

**s) Contributed equity**

Equity shares are classified as equity.

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

**t) Dividends**

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

**u) Use of estimates**

The estimates and judgments used in the preparation of the financial statements are continuously evaluated by the Company and are based on historical experience and various other assumptions and factors (including expectations of future events) that the Company believes to be reasonable under the existing circumstances. Differences between actual results and estimates are recognised in the period in which the results are known/materialised. The said estimates are based on the facts and events, that existed as at the reporting date, or that occurred after that date but provide additional evidence about conditions existing as at the reporting date.

The areas involving critical estimates or judgements are:

- estimation of current tax expense and current tax payable (see note 17)

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023

2	CASH AND CASH EQUIVALENTS	(₹ in Lakhs)	
		As at March 31, 2023	As at March 31, 2022
	Balances with banks:		
	In current accounts	53	36
	In deposit accounts	4,655	21,370
	<b>Total</b>	<b>4,708</b>	<b>21,406</b>
2a.	BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS ABOVE	(₹ in Lakhs)	
		As at March 31, 2023	As at March 31, 2022
	Balances with banks:		
	In deposit accounts	21,850	-
	<b>Total</b>	<b>21,850</b>	<b>-</b>
3	INVESTMENTS*	(₹ in Lakhs)	
		As at March 31, 2023	As at March 31, 2022
	<b>Investments measured at cost</b>		
	Associates	1,055,076	835,446
	<b>Total (A) - Gross</b>	<b>1,055,076</b>	<b>835,446</b>
	(Less): Impairment loss allowance	-	-
	<b>Total (A) - Net</b>	<b>1,055,076</b>	<b>835,446</b>
	Investments outside India	-	-
	Investments in India	1,055,076	835,446
	<b>Total (B) - Gross</b>	<b>1,055,076</b>	<b>835,446</b>
	(Less): Impairment loss allowance	-	-
	<b>Total (B) - Net</b>	<b>1,055,076</b>	<b>835,446</b>
	* See Note 19 for detailed breakup.		
4	OTHER FINANCIAL ASSETS	(₹ in Lakhs)	
		As at March 31, 2023	As at March 31, 2022
	Interest accrued on deposits	105	14
	Other receivables	-	5
	<b>Total</b>	<b>105</b>	<b>19</b>
5	INCOME TAX ASSETS (NET)	(₹ in Lakhs)	
		As at March 31, 2023	As at March 31, 2022
	Advance payment of income tax	505	618
	[Net of provision for tax of ₹ 11,580 lakhs (March 31, 2022: ₹ 11,580 lakhs)]		
	<b>Total</b>	<b>505</b>	<b>618</b>

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023

### 6 ASSET CLASSIFIED HELD FOR SALE

(₹ in Lakhs)

	Quantity	As at March 31, 2023	Quantity	As at March 31, 2022
<b>Investment in subsidiaries:</b>				
<b>Unquoted Equity Shares (Fully paid)</b>				
IDFC Asset Management Company Limited [see note (i) and note 25]	-	-	26,790,450	92,980
IDFC AMC Trustee Company Limited	-	-	50,000	8
<b>Total</b>		-		92,988

#### (i) Investment in subsidiaries

- a) The Board of Directors of IDFC Limited ('Holding Company') and IDFC FHCL ('the Company') at their respective meetings held on April 06, 2022, have inter alia considered binding bids received in connection with divestment of IDFC Asset Management Company Limited ('IDFC AMC') along with IDFC AMC Trustee Company Limited ('IDFC AMC Trustee') and have approved sale of the entire shareholding of IDFC AMC and IDFC AMC Trustee held by the Company to a consortium comprising of Bandhan Financial Holding Limited, Lathe Investment Pte. Ltd. (affiliate of GIC), Tangerine Investments Limited, Infinity Partners (affiliates of ChrysCapital) ('Proposed Transaction'). The consideration for the Proposed Transaction is ₹ 450,000 lakhs on a fully diluted basis and subject to customary price adjustments at the closure. This consideration is in addition to receipt of ₹ 24,915 lakhs as dividend from IDFC AMC in March 2022.

It was highly probable that the said sale transaction would be completed in the next 12 months. Accordingly the investment in IDFC AMC and IDFC AMC trustee was classified as assets held for sale as on March 31, 2022.

All the requisite regulatory and other approvals, as applicable have been received and the Proposed Transaction is completed on January 31, 2023. IDFC FHCL sold 27,636,940 shares (including 846,490 shares purchased from employees on exercise of ESOPs at a price of ₹ 1,625 per share) in IDFC AMC and 50,000 shares in IDFC AMC Trustee to the consortium for consideration of ₹ 449,000 lakhs and ₹ 50 lakhs respectively. With the conclusion of the transaction, post January 31, 2023, IDFC AMC, IDFC AMC Trustee and IDFC Investment Managers (Mauritius) Limited are no more subsidiaries of the Company.

- b) The Board of Directors of the Company vide its approval dated January 05, 2023 approved purchase of 861,560 equity shares of IDFC AMC offered by IDFC AMC employees at a price of ₹ 1,625 per share. The Company then purchased total 846,490 shares from employees at ₹ 1,625 per share amounting to ₹ 13,755 lakhs. Total no.of shares in IDFC AMC stood at 27,636,940 shares on the date of sale.

### 7 PAYABLES

(₹ in Lakhs)

	As at March 31, 2023	As at March 31, 2022
<b>Trade payables:</b>		
- Trade payable - micro enterprises and small enterprises	-	-
- Trade payable - other than micro enterprises and small enterprises*	3,340	43
<b>Total</b>	3,340	43

\* Represents undisputed unbilled dues.

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

	As at March 31, 2023	As at March 31, 2022
Outstanding principal amount and interest due to suppliers registered under MSMED Act and remaining unpaid at the year end:		
- Principal amount	-	-
- Interest due thereon	-	-
Interest paid other than under section 16 of MSMED Act, to suppliers registered under MSMED Act, beyond the appointed day during the period.	-	-
Interest paid under section 16 of MSMED Act, to suppliers registered under MSMED Act, beyond the appointed day during the period.	-	-

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023

Amount of interest due and payable (where the principal has already been paid but interest has not been paid).	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
The amount of further interest remaining due and payable even in succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of MSMED Act.	-	-

### 8 INCOME TAX LIABILITIES (NET) (₹ in Lakhs)

	As at March 31, 2023	As at March 31, 2022
Provision for income tax	55	-
[Net of advance tax of ₹ 36,652 lakhs (March 31, 2022: ₹ Nil)]		
<b>Total</b>	<b>55</b>	<b>-</b>

### 9 OTHER NON-FINANCIAL LIABILITIES (₹ in Lakhs)

	As at March 31, 2023	As at March 31, 2022
Statutory dues payables	306	9
<b>Total</b>	<b>306</b>	<b>9</b>

### 10 LIABILITIES CLASSIFIED AS HELD FOR SALE (₹ in Lakhs)

	As at March 31, 2023	As at March 31, 2022
Share based payment liability (see note 6 and note 25)	-	5,607
<b>Total</b>	<b>-</b>	<b>5,607</b>

### 11A. EQUITY SHARE CAPITAL (₹ in Lakhs)

	As at March 31, 2023		As at March 31, 2022	
	Number	₹ in Lakhs	Number	₹ in Lakhs
<b>Authorised shares</b>				
Equity shares of ₹ 10 each	10,000,000,000	1,000,000	10,000,000,000	1,000,000
<b>Issued, subscribed &amp; fully paid-up shares</b>				
Equity shares of ₹ 10 each	9,029,240,000	902,924	9,029,240,000	902,924
<b>Total</b>	<b>9,029,240,000</b>	<b>902,924</b>	<b>9,029,240,000</b>	<b>902,924</b>

#### a) Movements in equity share capital

	As at March 31, 2023		As at March 31, 2022	
	Number	₹ in Lakhs	Number	₹ in Lakhs
Outstanding at the beginning of the year	9,029,240,000	902,924	9,029,240,000	902,924
Shares issued during the year	-	-	-	-
<b>Outstanding at the end of the year</b>	<b>9,029,240,000</b>	<b>902,924</b>	<b>9,029,240,000</b>	<b>902,924</b>

#### b) Terms and rights attached to equity shares

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

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amounts exists currently. The distribution will be in proportion to the number of equity shares held by the shareholders. The dividend proposed by the board of directors is subject to the approval of shareholders at the ensuing annual general meeting, except in case of interim dividend.

#### c) Details of shares held by holding company and shareholders holding more than 5% of the shares in the Company

Equity shareholders	As at March 31, 2023		As at March 31, 2022	
	Number	% holding	Number	% holding
IDFC Limited and its nominees	9,029,240,000	100%	9,029,240,000	100%

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023

### d) Details of promoter holding

Equity shareholders	Shares held by promoters at the end of the year			
	As at March 31, 2023		As at March 31, 2022	
	Number	% holding	Number	% holding
<b>Name of the promoter</b>				
IDFC Limited and its nominees	9,029,240,000	100%	9,029,240,000	100%

There has been no change in the promoter holding during the current year and previous year.

### 11B. OTHER EQUITY

(₹ in Lakhs)

	As at March 31, 2023	As at March 31, 2022
Retained earnings	70,144	18,100
Special Reserve u/s. 45-IC of RBI Act,1934	105,475	23,794
<b>Total</b>	<b>175,619</b>	<b>41,894</b>

#### a) Retained earnings

	As at March 31, 2023	As at March 31, 2022
Opening balance	18,100	(3,756)
Net profit for the period	326,725	29,141
Less : Interim dividend paid	(193,000)	-
Less: Transfer to special reserve u/s 45IC	(81,681)	(7,285)
<b>Closing balance</b>	<b>70,144</b>	<b>18,100</b>

#### b) Special Reserve u/s. 45-IC of RBI Act,1934

	As at March 31, 2023	As at March 31, 2022
Opening balance	23,794	16,509
Add: Transferred from surplus in Statement of Profit and Loss	81,681	7,285
<b>Closing balance</b>	<b>105,475</b>	<b>23,794</b>

### 11C. NATURE AND PURPOSE OF RESERVE

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

As per section 45-IC of RBI Act, 1934, every non-banking financial company (NBFC) shall create a reserve fund and transfer therein a sum not less than twenty five per cent (25%) of its net profit every year as disclosed in the profit and loss account and before any dividend is declared. No appropriation of any sum from the reserve fund shall be made by the non-banking financial company except for the purpose as may be specified by RBI.

### 12 INTEREST INCOME

(₹ in Lakhs)

	Year ended March 31, 2023	Year ended March 31, 2022
<b>On financial assets measured at amortised costs:</b>		
Interest on deposits with banks [see note 26]	2,360	30
Interest on inter corporate deposits [see note 26]	50	-
<b>Total</b>	<b>2,410</b>	<b>30</b>

### 13 GAIN ON SALE OF INVESTMENT IN SUBSIDIARIES

(₹ in Lakhs)

	Year ended March 31, 2023	Year ended March 31, 2022
Gain on sale of investment in subsidiaries [see note 6(i)]	347,915	-
<b>Total (A)</b>	<b>347,915</b>	<b>-</b>
Realised	347,915	-
Unrealised	-	-
<b>Total (B)</b>	<b>347,915</b>	<b>-</b>

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023

14 FINANCE COSTS	(₹ in Lakhs)	
	Year ended March 31, 2023	Year ended March 31, 2022
Interest expense on Inter corporate deposits [see note 26]	36	463
<b>Total</b>	<b>36</b>	<b>463</b>

15 EMPLOYEE BENEFITS EXPENSES	(₹ in Lakhs)	
	Year ended March 31, 2023	Year ended March 31, 2022
Salaries, wages and bonus	68	92
<b>Total</b>	<b>68</b>	<b>92</b>

16 OTHER EXPENSES	(₹ in Lakhs)	
	Year ended March 31, 2023	Year ended March 31, 2022
Rates and taxes	619	14
Insurance Charges	3	-
Professional fees	3,398	34
Directors' sitting fees	13	31
Commission to directors	43	25
Demat charges	β	β
Auditors' remuneration [see note (a) below]	6	6
Shared Service Cost	4	4
Miscellaneous expenses	2	3
<b>Total</b>	<b>4,088</b>	<b>117</b>

a) Breakup of Auditors' remuneration	(₹ in Lakhs)	
	Year ended March 31, 2023	Year ended March 31, 2022
Audit fees	2	2
Tax audit fees	1	1
Other services	3	2
Certification charges	β	1
Out-of-pocket expenses	β	β
<b>Total</b>	<b>6</b>	<b>6</b>

17 INCOME TAX	(₹ in Lakhs)	
	Year ended March 31, 2023	Year ended March 31, 2022
<b>a) The components of income tax expense for the years ended March 31, 2023 and March 31, 2022 are:</b>		
<b>Current Tax</b>		
Current tax on profit for the year	36,707	4,240
Adjustment in respect of current tax of prior years	7	1
<b>Total current tax expense</b>	<b>36,714</b>	<b>4,241</b>

### b) Reconciliation of the total tax charge

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

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023

	(₹ in Lakhs)	
	Year ended March 31, 2023	Year ended March 31, 2022
Accounting profit before tax	363,439	33,382
<b>Tax at India's statutory income tax rate of 25.17% (previous year 25.17%)</b>	91,478	8,402
Tax effect of the amount which are not taxable:		
- Expenses disallowed on account of section 57 of the Income Tax Act, 1961	-	117
- Tax adjustment of earlier years	7	1
- Impact of income taxed at different rate	(50,416)	-
- Income not taxed under 80M benefit [see note 17(d)]	(4,356)	(4,279)
- Others	1	-
<b>Income tax expense at effective tax rate</b>	36,714	4,241
<b>Effective tax rate</b>	10.10%	12.70%

c) Taxation Laws (Amendment) Ordinance 2019, had inserted section 115BAA in the Income Tax Act, 1961, providing existing domestic companies with an option to pay tax at a concessional rate of 22% plus applicable surcharge and cess. Once exercised, such an option cannot be withdrawn for the same or subsequent AYs. These financial results are prepared on the basis that the Company has availed the option to pay income tax at the lower rate. Consequently, the Company has recognized Provision for Income Tax for the years ended March 31, 2023 and March 31, 2022 basis the revised rate of 25.17%.

d) The Board of the Company had declared its first interim dividend of ₹ 0.188 /- per share on April 06, 2022 and the same amounting to ₹ 17,000 lakhs was paid on April 08, 2022 and had declared second interim dividend of ₹ 1.95 /- per share on January 31, 2023 amounting to Rs 176,000 lakhs which was paid on February 01, 2023.

Taxable income of the Company is reduced by ₹ 17,306 lakhs on account of deduction u/s 80 M of the Income Tax Act, 1961.

80M: "Where the gross total income of a domestic company in any previous year includes any income by way of dividends from any other domestic company, a deduction of the amount of dividend distributed as dividend one month prior to the due date of filing return."

### 18 EARNINGS PER SHARE (EPS)

	Year ended March 31, 2023	Year ended March 31, 2022
<b>(a) Basic and diluted earnings per share</b>		
Profit attributable to the equity holders of the Company (₹ in lakhs)	326,725	29,141
<b>(b) Weighted average number of shares used as the denominator</b>		
Weighted average number of equity shares used as the denominator in calculating basic and diluted earnings per share	9,029,240,000	9,029,240,000
Total basic earnings per share attributable to the equity holders of the Company (In ₹)	3.62	0.32

### 19 INVESTMENTS

	(₹ in Lakhs)					
	Face value (₹)	Quantity	As at March 31, 2023	Quantity	As at March 31, 2022	
<b>Investment in Associates</b>						
<b>Quoted Equity Shares</b>						
IDFC FIRST Bank Limited [see note (i) and (ii)]	10	2,646,438,348	1,055,076	2,268,937,489	835,446	
<b>Total</b>			1,055,076		835,446	

- i) As per RBI Guidelines for Licensing of New Banks in the Private Sector dated February 22, 2013 (“RBI Guidelines”), “The NOFHC shall initially hold a minimum of 40% of the paid-up voting equity capital of the bank which shall be locked in for a period of five years”. Thus, IDFC FHCL was required to hold equity holding in IDFC FIRST Bank upto 40% till October 1, 2020.

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

Since the five years of lock- in period is completed, the Company had written letters to IDFC FIRST Bank Limited (“IDFC FIRST Bank”) with respect to Unlocking Value for shareholders of the Holding Company. The Board of Directors of IDFC FIRST Bank at their meeting held on December 30, 2021 has confirmed that they are “In-principle” in favour of Merger of ‘IDFC’ and ‘IDFC FHCL’ with ‘IDFC FIRST Bank’. The said corporate restructuring activity shall be subject to approval by the Board of Directors of entities involved, shareholders, creditors and other necessary statutory/regulatory approvals.

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

The Board of Directors of the Company and the Holding Company, at their respective meetings held on February 06, 2023 had approved subscribing to 377,500,859 equity shares of face value of ₹ 10/- each fully paid-up of IDFC FIRST Bank Limited on a preferential basis at a price of ₹ 58.18/- per equity share , amounting to ₹ 219,630 lakhs. In this connection, on March 23, 2023 the Company subscribed and has been allotted 377,500,859 equity shares of face value of ₹ 10/- each fully paid- up. With this, the Company will hold 39.99% of the Bank’s paid up equity share capital.

As required under SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (“ICDR Guidelines”) the pre-preferential equity shares shall be under lock in for a period of 90 trading days and the fresh subscribed shares under the preferential allotment shall be locked in for a period of 18 months from the date of trading approval.

**20 CAPITAL MANAGEMENT**

The Company considers total equity as shown in the balance sheet including retained profit to be managed capital. The Company aim to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to shareholders. The Company’s policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development.

**21 SEGMENT INFORMATION**

The Company is domiciled in India. The Company is registered as a “non-operative financial holding company” with the RBI. Since the Company does not have any operating activities, there are no reportable segments as identified under Ind AS 108.

**a) Segment revenue**

The Company operates as a single segment. The segment revenue is measured in the same way as in the statement of profit and loss.

	(₹ in Lakhs)	
	Year ended March 31, 2023	Year ended March 31, 2022
Segment revenue		
- India	17,306	34,024
- Outside India	-	-
<b>Total</b>	<b>17,306</b>	<b>34,024</b>

\* There is only one party who contributed more than 10% of total operating revenue of the Company amounting to ₹ 17,306 lakhs. (Previous year: ₹ 34,024 lakhs)

**b) Segment assets and segment liabilities**

	(₹ in Lakhs)	
	As at March 31, 2023	As at March 31, 2022
Segment assets - India	1,082,244	950,477
Segment liabilities - India	3,701	5,659

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023

### 22 CONTINGENT LIABILITIES

(₹ in Lakhs)

	As at March 31, 2023	As at March 31, 2022
<b>Claims not acknowledged as debts in respect of:</b>		
Income-tax demands disputed by the Company (net of amounts provided)	128	128
(i) The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and postemployment received Indian Parliament approval and Presidential assent in September 2020. The Code has been published in the Gazette of India and subsequently on November 13, 2020 draft rules were published and invited for stakeholders' suggestions. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.		

### 23 FAIR VALUE MEASUREMENT

#### a) Financial instruments by category

The significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in notes to the financial statements.

	As at March 31, 2023	
	FVTPL	Amortised cost
<b>Financial Assets:</b>		
Cash and cash equivalents	-	4,708
Bank balances other than cash and cash equivalents above	-	21,850
Other financial assets	-	105
<b>Total financial assets</b>	<b>-</b>	<b>26,663</b>
<b>Financial Liabilities:</b>		
Trade and other payables	-	3,340
<b>Total Financial Liabilities</b>	<b>-</b>	<b>3,340</b>
<hr/>		
	As at March 31, 2022	
	FVTPL	Amortised cost
<b>Financial Assets:</b>		
Cash and cash equivalents	-	21,406
Other financial assets	-	19
<b>Total financial assets</b>	<b>-</b>	<b>21,425</b>
<b>Financial Liabilities:</b>		
Trade and other payables	-	43
<b>Total Financial Liabilities</b>	<b>-</b>	<b>43</b>

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

#### b) Fair value hierarchy

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

All financial assets and liabilities are measured at amortised cost and are classified under level 3. Being short term in nature, their carrying amount is considered a reasonable approximation of their fair value.

### 24 FINANCIAL RISK MANAGEMENT

The Company is exposed primarily to liquidity risks which may adversely impact the fair value of its financial instruments. The Company has a risk management policy which covers risks associated with the financial assets and liabilities.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023

### a) Credit Risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations, and arisen principally from its investment transactions. Cash and cash equivalents, bank deposits are held with only high rated banks/financial institutions, credit risk on them is perceived to be low:

### b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The following table shows the maturity analysis of financial liabilities of the Company based on contractually agreed undiscounted cash flows as at the balance sheet date:

(₹ in Lakhs)			
As at March 31, 2023	Note	Less than 12 months	Total
Trade payables	7	3,340	3,340
<b>Total</b>		<b>3,340</b>	<b>3,340</b>

  

(₹ in Lakhs)			
As at March 31, 2022	Note	Less than 12 months	Total
Trade payables	7	43	43
<b>Total</b>		<b>43</b>	<b>43</b>

## 25 EMPLOYEE SHARE BASED PAYMENTS

### A Employee stock option scheme (cash settled) - IDFC Asset Management Company Limited

Pursuant to the resolution passed by the members at Extra Ordinary General Meeting dated December 24, 2019 IDFC Asset Management Company Limited ("IDFC AMC"), a subsidiary of the Company, introduced IDFC AMC Employee Stock Option Scheme, 2020 ("ESOS 2020") to enable the employees of IDFC AMC to participate in the future growth and financial success of the IDFC AMC. The scheme restricts the transferability of shares exercised by the employees. IDFC Financial Holding Limited (an immediate parent of IDFC AMC) has right to buyback the shares from the employees as per the terms of the scheme. On applying the guidance under Ind AS 102 the said scheme is classified as "cash settled" in the standalone financial statements of the Company.

### a) The fair value of the options was determined using the Black-Scholes model using the following inputs at March 31, 2022:

#### (i) Grant date - September 1, 2021

	As at March 31, 2023	As at March 31, 2022
Stock Price (₹)	-	1,680
Volatility	-	0.44
Riskfree Rate	-	0.06
Exercise Price (₹)	-	1,186
Time To Maturity (In Years)	-	4.92
Dividend yield	-	0.08
Option Fair Value	-	537

#### (ii) Grant date - December 1, 2021

	As at March 31, 2023	As at March 31, 2022
Stock Price (₹)	-	1,680
Volatility	-	0.44
Riskfree Rate	-	0.06
Exercise Price (₹)	-	1,443
Time To Maturity (In Years)	-	5.17
Dividend yield	-	0.08
Option Fair Value	-	464

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023

### (iii) Grant date - January 1, 2020

	As at March 31, 2023	As at March 31, 2022
Stock Price (₹)	-	1,680
Volatility	-	0.46
Riskfree Rate	-	0.05
Exercise Price (₹)	-	699
Time To Maturity (In Years)	-	3.25
Dividend yield	-	0.08
Option Fair Value	-	789

### (iv) Grant date - April 1, 2020

	As at March 31, 2023	As at March 31, 2022
Stock Price (₹)	-	1,680
Volatility	-	0.46
Riskfree Rate	-	0.06
Exercise Price (₹)	-	699
Time To Maturity (In Years)	-	3.51
Dividend yield	-	0.08
Option Fair Value	-	780

### (v) Grant date - October 1, 2020

	As at March 31, 2023	As at March 31, 2022
Stock Price (₹)	-	1,680
Volatility	-	0.45
Riskfree Rate	-	0.06
Exercise Price (₹)	-	699
Time To Maturity (In Years)	-	4.01
Dividend yield	-	0.08
Option Fair Value	-	758

### b) Set out below is a summary of options granted under the plan based on exercise price:

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

The weighted average share price at the date on which options were exercised during the year ended March 31, 2023 was ₹ 699.03 (previous year ₹ Nil).

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023

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

Grant date	Expiry date	Exercise price	Outstanding as at March 31, 2023	Outstanding as at March 31, 2022
1-Sep-21	1-Sep-28	1,186	-	17,500
1-Dec-21	1-Dec-28	1,443	-	10,000
1-Jan-20	1-Jan-28	699	-	555,500
1-Apr-20	1-Apr-28	699	-	7,500
1-Oct-20	1-Oct-28	699	-	11,500
<b>Total</b>			-	602,000
Weighted average remaining contractual life of options outstanding at end of period			-	5.86

### B Employee stock option scheme (cash settled) - IDFC Asset Management Company Limited

Pursuant to the resolution passed by the members at Extra Ordinary General Meeting dated September 7, 2017 IDFC Asset Management Company Limited ("IDFC AMC"), a subsidiary of the Company, introduced Employee Stock Option Scheme, 2017 ("ESOS - 2017") to enable the employees of IDFC AMC to participate in the future growth and financial success of the IDFC AMC. The scheme restricts the transferability of shares exercised by the employees. IDFC Financial Holding Limited (an immediate parent of IDFC AMC) has right to buyback the shares from the employees as per the terms of the scheme. On applying the guidance under Ind AS 102 the said scheme is classified as "cash settled" in the standalone financial statements of the Company.

### a) The fair value of the options was determined using the Black-Scholes model using the following inputs at March 31, 2022:

#### (i) Grant date - April 11, 2018

	As at March 31, 2023	As at March 31, 2022
Stock Price (₹)	-	1,680
Volatility	-	0.29
Riskfree Rate	-	0.05
Exercise Price (₹)	-	965
Time To Maturity (In Years)	-	1.53
Dividend yield	-	0.08
Option Fair Value	-	612

#### (ii) Grant date - November 6, 2017

	As at March 31, 2023	As at March 31, 2022
Stock Price (₹)	-	1,680
Volatility	-	0.30
Riskfree Rate	-	0.05
Exercise Price (₹)	-	965
Time To Maturity (In Years)	-	1.80
Dividend yield	-	0.08
Option Fair Value	-	604

#### (III) Grant date - September 9, 2017

	As at March 31, 2023	As at March 31, 2022
Stock Price (₹)	-	1,680
Volatility	-	0.29
Riskfree Rate	-	0.05
Exercise Price (₹)	-	965
Time To Maturity (In Years)	-	1.72
Dividend yield	-	0.08
Option Fair Value	-	606

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023

### b) Set out below is a summary of options granted under the plan based on exercise price:

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

The weighted average share price at the date on which options were exercised during the year ended March 31, 2023 was ₹ 964.69 (previous year ₹ 1,106.06).

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

Grant date	Expiry date	Exercise price	Outstanding	Outstanding
			as at March 31, 2023	as at March 31, 2022
9-Sep-17	9-Sep-25	965	-	346,260
6-Nov-17	6-Nov-25	965	-	9,420
11-Apr-18	11-Apr-26	965	-	10,000
<b>Total</b>			-	365,680
Weighted average remaining contractual life of options outstanding at end of period			-	3.47

### C Amount recognised as increase in investment:

Under the group share based payment arrangement, the total increase in the investment in IDFC AMC for the year ended March 31, 2023 amounted to ₹ (5,607) Lakhs (previous year ₹ 3,853 Lakhs). Since the investment is sold in current year, the ESOP effect given in the investment till last year is fully reversed

## 26 RELATED PARTY TRANSACTIONS

### a) Holding Company

IDFC Limited

**The list of related parties with whom transactions have taken place during the year**

### b) Subsidiaries

#### Direct

IDFC Asset Management Company Limited (upto January 30, 2023)  
IDFC AMC Trustee Company Limited (upto January 30, 2023)

### c) Associate

IDFC FIRST Bank Limited

### d) Key Management Personnel

Mr. Bimal Giri - Chief Executive Officer (upto December 31, 2022)  
Ms. Anita Belani - Independent director (upto November 08, 2021)  
Ms. Anita Belani - Nominee director (w.e.f November 09, 2021)  
Dr. Jaimini Bhagwati - Independent director (upto December 27, 2021)  
Ms. Sudha Krishnan - Independent director (w.e.f June 16, 2021)  
Mr. Ajay Sondhi - Nominee director (w.e.f December 22, 2021)  
Mr. V S Das - Independent Director (w.e.f December 28, 2021)  
Mr. Vinod Rai - Nominee Director (upto September 22, 2021)  
Mr. Bipin Gemani - Chief Financial Officer

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023

### e) Key management personnel compensation

	(₹ in Lakhs)	
	Year ended March 31, 2023	Year ended March 31, 2022
Short-term employee benefit	68	92
Long-term employee benefit	-	-
<b>Total</b>	<b>68</b>	<b>92</b>

Sitting fees and commission to directors has been disclosed as "Directors' Sitting Fees" and "Commission to directors" respectively, under "other expenses" in note 16. There is no other benefit paid to the directors.

### f) Transactions with related parties

		(₹ in Lakhs)	
Name of the Entity	Particulars	Year ended March 31, 2023	Year ended March 31, 2022
IDFC Limited	Shared service cost paid	4	4
	Insurance charges	3	-
	Inter corporate deposits taken	10,000	1000*
	Inter corporate deposits repaid	(10,000)	8500*
	Interest paid on inter corporate deposit taken	36	463*
	Inter corporate deposits given	7,580	-
	Inter corporate deposits received back	(7,580)	-
	Interest received on inter corporate deposit given	50	-
	Dividend paid	193,000	-
	IDFC FIRST Bank Limited	Interest Income	2,360
Fixed deposit placed		570,765	23,307
Fixed deposit matured		565,630	1,937
IDFC Asset Management Company Limited	Dividend received	17,306	34,024

\* These transactions were with IDFC Alternatives Limited (now merged with IDFC Limited).

### g) Outstanding balances

		(₹ in Lakhs)	
Name of the Entity	Particulars	Year ended March 31, 2023	Year ended March 31, 2022
IDFC FIRST Bank Limited	Balance in current accounts	50	29
	Balance in fixed deposits	26,505	21,370
	Interest accrued on deposits	105	14
	Investment in Equity shares (at cost)	1,055,076	835,446
IDFC Limited	Outstanding Equity shares	902,924	902,924
	Payable outstanding	-	1
IDFC Asset Management Company Limited	Investment in Equity shares (at cost)	-	87,372
IDFC AMC Trustee Company Limited	Investment in Equity shares (at cost)	-	8

### h) Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates. The average interest rate on the inter corporate deposits taken during the year was 10% (previous year 10%) and average interest rate on the inter corporate deposits given during the previous year was 10%.

i) Disclosure requirements in relation to related party transactions wide- NBFC circular RBI/2022-23/26 DOR.ACC.REC. No.20/21.04.018/2022-23 dated April 19, 2022 are complied.

27 IDFC Financial Holding Company Limited was incorporated as a Company under the Companies Act, 2013 on November 07, 2014. Reserve Bank of India (RBI) has granted a certificate dated June 18, 2015 to the Company permitting it to commence and carry on the business of Non-Operative Financial Holding Company (NOFHC) (as a non-deposit taking NBFC). The following additional information is disclosed in terms of the RBI circular (Ref No. DNBR .PD. 008 / 03.10.119 / 2016-17 dated September 01, 2016)

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023

### i) Capital to risk assets ratio (CRAR)

	As at March 31, 2023	As at March 31, 2022
CRAR (%)	99.43%	96.79%
CRAR - Tier I Capital (%)	99.43%	96.79%
CRAR - Tier II Capital (%)	-	-
Amount of Subordinated Debt considered as Tier-II Capital	-	-
Amount raised by issue of Perpetual Debt Instruments	-	-

### ii) Asset liability management maturity pattern of certain items of assets and liabilities :

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

	As at March 31, 2023			As at March 31, 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
	(₹ in Lakhs)					
<b>Financial assets</b>						
Cash and cash equivalents	4,708	-	4,708	21,406	-	21,406
Bank balances other than cash and cash equivalents above	21,850	-	21,850	-	-	-
Investments	-	1,055,076	1,055,076	-	835,446	835,446
Other financial assets	105	-	105	19	-	19
<b>Non-financial assets</b>						
Income tax assets (net)	-	505	505	-	618	618
Assets classified as held for sale	-	-	-	92,988	-	92,988
<b>Total assets</b>	<b>26,663</b>	<b>1,055,581</b>	<b>1,082,244</b>	<b>114,413</b>	<b>836,064</b>	<b>950,477</b>
<b>Financial liabilities</b>						
Payables						
(I) Trade payables						
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	3,340	-	3,340	43	-	43
<b>Non-financial Liabilities</b>						
Income tax liabilities (net)	55	-	55	-	-	-
Other non-financial liabilities	306	-	306	9	-	9
Liabilities classified as held for sale	-	-	-	5,607	-	5,607
<b>Total liabilities</b>	<b>3,701</b>	<b>-</b>	<b>3,701</b>	<b>5,659</b>	<b>-</b>	<b>5,659</b>
<b>Net</b>	<b>22,962</b>	<b>1,055,581</b>	<b>1,078,543</b>	<b>108,754</b>	<b>836,064</b>	<b>944,818</b>

### iii) Investor group wise classification of all investments (current and non-current) in shares and securities (both quoted and unquoted):

	As at March 31, 2023		As at March 31, 2022	
	Market value / Break up value / Fair value / NAV	Book value net of provision	Market value / Break up value / Fair value / NAV	Book value net of provision
	(₹ in Lakhs)			
<b>1 Related parties</b>				
(a) Subsidiaries	-	-	450,000	92,988
(b) Companies in the same group	1,456,864	1,055,076	900,768	835,446
(c) Other related parties	-	-	-	-
<b>Total</b>	<b>1,456,864</b>	<b>1,055,076</b>	<b>1,350,768</b>	<b>928,434</b>

## iv) Penalties / fines imposed by the RBI

During the year ended March 31, 2023 there was no penalty imposed by the RBI (Previous Year Nil).

## 28 THE DISCLOSURE ON THE FOLLOWING MATTERS REQUIRED UNDER SCHEDULE III AS AMENDED ON MARCH 24, 2021 NOT BEING RELEVANT OR APPLICABLE IN CASE OF THE COMPANY, SAME ARE NOT COVERED:

- (i) The Company has not traded or invested in crypto currency or virtual currency during the financial year.
- (ii) No proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- (iii) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (iv) The Company has not entered into any scheme of arrangement which has been approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013.
- (v) No satisfaction of charges are pending to be filed with ROC.
- (vi) There are no transactions which are not recorded in the books of account which have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.
- (vii) There Company has not entered into any transaction with Struck off Companies.
- (viii) There have been no revaluation of Plant, Property and Equipment during the current year.
- (ix) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
  - a directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
  - b provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (x) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
  - a directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
  - b provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (xi) The Company has not advanced any loans or advances in the nature of loans to specified persons viz. promoters, directors, KMPs, related parties; which are repayable on demand or where the agreement does not specify any terms or period of repayment.

## 29 Disclosure requirement as mentioned in below circulars are not given as the Company has nothing to report in respect to these circulars :

- (i) Implementation of Indian Accounting Standards by Non Banking Financial Companies and Asset Reconstruction Companies bearing reference number DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020.
- (ii) Resolution Framework - Resolution of Covid-19 related stress as per the notification no. RBI/2020-21/16 DOR.NO.BP.BC/3/21.04.048/2020-21 dated August 6, 2020 and RBI/2021-22/31/DOR.STR.REC.11 /21.04.048/2021-22 dated May 05, 2021.
- (iii) Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021 dated September 24, 2021 bearing reference number RBI/DOR/2021-22/86 DOR.STR.REC.51/21.04.048/2021-22.
- (iv) NBFC circular DNBR (PD) CC.No.008/03.10.119/2016-17 dated September 01, 2016 (Updated as on December 29, 2022) and RBI/2022-23/26 DOR.ACC.REC.No.20/21.04.018/2022-23 dated April 19, 2022:
  - a Exposures to Capital Market.
  - b Disclosure of complaints.
  - c Ratings assigned by credit rating agencies.
  - d Disclosures regarding Derivatives.
  - e Disclosures relating to Securitization.
  - f Exposure to Real Estate Sector.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023

- g Details of financing of parent company products.
- h Detail of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC.
- i Unsecured Advances.
- j Concentration of Deposits, Advances, Exposures and NPAs.
- k Sector-wise NPAs.
- l Overseas Assets (for those with Joint Ventures and Subsidiaries abroad).
- m Off-balance sheet SPVs sponsored.
- n Intra-group exposures.
- o Unhedged foreign currency exposure.

**30** Amounts less than ₹ 50,000 have been denoted by β.

### **For V. C. Shah & Co.**

Chartered Accountants  
(Firm Registration No: 109818W)

### **Viral J. Shah**

Partner  
Membership Number : 110120

Mumbai, April 25, 2023

For and on behalf of the Board of Directors of  
**IDFC Financial Holding Company Limited**  
CIN: U65900TN2014PLC097942

### **Ms. Sudha Krishnan**

Director  
DIN: 02885630

### **Bipin Gemani**

Chief Financial Officer  
PAN: AACPG6412A

### **Vishwvir Saran Das**

Director  
DIN: 03627147

### **Shivangi Mistry**

Company Secretary  
ACS: 52174