



**IDFC INFRA
DEBT FUND
LIMITED**

CIN U67190MH2014PLC253944

DIRECTORS

Mr. S S Kohli (Chairperson)
Mr. A K T Chari
Ms. Ritu Anand
Mr. Vikram Limaye
Mr. Pavan Kaushal

AUDITORS

Deloitte Haskins & Sells LLP
Chartered Accountants

**PRINCIPAL
BANKER
DEBENTURE
TRUSTEE**

IDFC Bank Limited

IDBI Trusteeship Services Limited
Asian Building, Ground Floor,
17, R. Kamani Marg, Ballard Estate,
Mumbai 400 001.

**REGISTERED
OFFICE**

Naman Chambers
C-32, G-Block, Bandra-Kurla
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BOARD'S REPORT

TO THE MEMBERS

Your Directors have pleasure in presenting the Third Annual Report together with the audited financial statements for the year ended March 31, 2016

FINANCIAL HIGHLIGHTS

PARTICULARS	(AMOUNT IN ₹)	
	FOR THE YEAR ENDED MARCH 31, 2016	FOR THE YEAR ENDED MARCH 31, 2015
Total Income	749,855,908	88,822,630
Less: Total Expenses	378,834,391	31,415,167
Profit before Tax	371,021,517	57,407,463
Less: Provision for Tax	-	12,215,300
PROFIT AFTER TAX	371,021,517	45,192,163

AMOUNT TO BE CARRIED FORWARD TO RESERVES

The details of amount transferred to reserves are given in note no. 4 of the Notes forming part of the financial statements.

DIVIDEND

The Directors do not recommend any dividend for the financial year ended March 31, 2016 as the Company has decided to reinvest its earnings.

PERFORMANCE OF THE COMPANY

IDFC Infra Debt Fund Limited ('IDFC IDF') is regulated by the Reserve Bank of India ('RBI') and registered as Non-Banking Finance Company ('NBFC').

As per the initial RBI guidelines, Infrastructure Debt Funds – Non Banking Finance Companies ('IDF-NBFCs') were allowed to invest only in Public Private Partnerships (PPP) infrastructure projects which have completed one year of commercial operations, subject to the IDF - NBFC being a party to a tripartite agreement with the Concessionaire and the Project Authority for ensuring a compulsory buyout with termination payment. In May 2015, the RBI came out with revised guidelines that widened the scope of financing by IDF- NBFCs to include investments in PPP infrastructure projects without a Project Authority and non PPP projects, with minimum one year of satisfactory commercial operation. Thus, in addition to taking exposures in PPP projects with tripartite agreements, the revised regulations allow exposures to operating infrastructure projects without tripartite agreements. While the maximum exposure that an IDF-NBFC can take in PPP projects with tripartite agreements is capped at 50% of its total Capital Funds*, the same is capped at 25% for single party exposure and 40% for group exposure for PPP projects without a Project Authority and non-PPP projects, thereby reducing concentration risk to an extent. Also, investments in projects apart from PPP road projects help in diversifying the portfolio.

IDFC IDF completed its first year of operations in FY16. In the financial year ended March 31, 2016, IDFC IDF made aggregate disbursements of ₹ 1,267 crore to various operating infrastructure projects. The loan book as at the end of FY16 stands at ₹ 1202 crore after adjusting for repayments / prepayments of facilities during the year. The portfolio is well diversified with exposures across PPP road projects with tripartite agreements as well as non-PPP projects in renewable power, healthcare, education, captive power and IT SEZs.

The capitalisation of the company is comfortable with a Capital Adequacy Ratio of 43.05% as on March 31, 2016 and Tier I ratio of 42.67%. The Company received additional equity capital of around ₹ 230 crore in FY16, including ₹ 100 crore from two large institutions namely Housing Development Finance Corporation Limited ('HDFC') and SBI Life Insurance Company Limited ('SBI Life') This resulted in part dilution of stake of IDFC Financial Holding Company Limited ('IDFC FHCL') in the Company to 81.48%.

In FY16, the Company raised a total of ₹ 808 crore of funds from the bond market comprising issuance of senior secured non - convertible debentures ('NCDs') in multiple tranches. All the issuances were rated AAA by domestic credit rating agencies namely ICRA and CARE. These issuances were subscribed to by a wide variety of investors, including insurance companies, provident funds, mutual funds among others.

* Additional exposure up to 10% could be taken at the discretion of the Board of the IDF-NBFC, further additional 15% with approval of RBI.

FUTURE OUTLOOK

With the expanded scope, IDF-NBFCs can refinance all operational infrastructure projects which have completed 1 year of satisfactory commercial operations. IDFC IDF plans to progressively increase its leverage to grow its loan book and maintain a diversified portfolio across both PPP and non-PPP infrastructure projects.

SUBSIDIARIES/JOINT VENTURE / ASSOCIATE COMPANIES

The Company is a subsidiary of IDFC Financial Holding Company Limited. It does not have any step down subsidiary/Joint venture / Associate Company.

BOARD'S REPORT

SHARE CAPITAL UPDATE

During the year, equity shares of the Company held by IDFC Limited (49%), IDFC Alternatives Limited(46%) and IDFC Finance Limited (5%) were transferred to IDFC Financial Holding Company Limited, thereby making IDFC Financial Holding Company Limited 100% holding company of IDFC Infra Debt Fund Limited. The Company made a Rights issue of 13,00,00,000 equity shares of ₹ 10 (Rupees ten only) each to IDFC Financial Holding Company Limited. The company made a Preferential allotment aggregating to 10,00,00,000(Ten crore only) equity shares of ₹ 10/ each at par divided into 6,00,00,000 (Six crore only) equity shares to Housing Development Finance Corporation Limited and 4,00,00,000 (Four crore only) equity shares to SBI Life Insurance Company Limited. After the aforesaid issues and allotment, the paid up share capital of the company as on March 31, 2016 was ₹ 5,400,000,000 (Five hundred and forty crore only) comprising of 540,000,000 (Fifty four crore only) equity shares of ₹ 10/ each. Accordingly, the current shareholding structure of the Company is as follows:

IDFC Financial Holding Company Limited	:	81.48%
Housing Development Finance Corporation Limited	:	11.11%
SBI Life Insurance Company Limited	:	7.41%

During the year, the Authorised Share Capital of the Company was increased from ₹ 500 crore to ₹ 800 crore.

PARTICULARS OF EMPLOYEES

Your Company had 13 employees as on March 31, 2016.

The Disclosure pertaining to the provisions of Section 197 of the Act, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (to the extent applicable) a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules are provided in this Annual Report. Having regard to the provisions of the first proviso to Section 136(1) of the Act, the Annual Report excluding the aforesaid information is being sent to the Members of the Company. The said information is available for inspection at the Registered Office of the Company during working hours and any Member interested in obtaining such information may write to the Company Secretary and the same will be furnished on request.

EMPLOYEES' STOCK OPTION PLAN

Pursuant to the resolution passed by the Members at the EGM held on February 1, 2016, IDFC Infra Debt Fund Limited had introduced Employee Stock Option Scheme 2016 ("the ESOS- 2016") to enable the employees of IDFC Infra Debt Fund Limited to participate in the future growth and financial success of the Company.

All Options vest in graded manner and are required to be exercised within a specific period.

PUBLIC DEPOSITS

The Company has neither invited nor accepted any Public Deposits.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Since the Company is engaged in business of financing of companies in the ordinary course of business, provisions of Section 186 of the Companies Act, 2013 relating to loan made, guarantees given or securities provided are not applicable to the Company. Thus, provision of Section 134(g) requiring to provide the particulars of loans, guarantees or investments are not applicable and hence not given.

VIGIL MECHANISM/ WHISTLE BLOWER POLICY

The Board has put in place a "Whistle Blower Policy", so as to establish a Vigil Mechanism to enable Directors and employees to report genuine concerns about unethical behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy. The Group General Counsel & Head - Legal & Compliance is the Whistle Officer for the purpose of this Policy. The Audit Committee directly oversees the Vigil Mechanism. The details of Whistle Blower Policy / Vigil Mechanism are posted on the website of the Company.

FOREIGN EXCHANGE EARNINGS AND EXPENDITURE

There was no income or expenditure in foreign currency during the period under review.

PARTICULARS REGARDING CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

Since the Company does not own any manufacturing facility, the disclosure of information on other matters required to be disclosed in terms of Section 134(3)(m) are not applicable and hence not given.

DIRECTORS / KEY MANAGERIAL PERSONNEL

At the last Annual General Meeting of the Company held on July 09, 2015, Mr. Sunil Kakar, Dr. Rajeev Uberoi and Mr. Pavan Kaushal were appointed as Directors. Dr. Rajiv B. Lall resigned w.e.f. July 24, 2015. Mr. Sunil Kakar and Dr. Rajeev Uberoi resigned w.e.f. October 28, 2015.

During the year, following directors were appointed on October 28, 2015 as Additional directors:

1. Mr. S H Khan - Independent Director and Chairperson of the Board
2. Mr. S S Kohli - Independent Director
3. Mr. A K T Chari - Independent Director
4. Ms. Ritu Anand - Non Executive Director

BOARD'S REPORT

However, there was cessation of directorship of Mr. S H Khan due to his sudden demise on January 12, 2016. The Board placed on record its sincere appreciation for the contribution made by Mr. Khan during his tenure as a Director. We convey our sincere and deep felt condolences to Late Mr. S H Khan's family.

Mr. S S Kohli was appointed as a Chairperson of the Board w.e.f. January 25, 2016.

The Company has received notices from Members of the Company under Section 160 of the Companies Act, 2013, proposing the confirmation of appointment of Mr. S S Kohli, Mr. A K T Chari and Ms. Ritu Anand at the ensuing AGM. The Board of Directors recommend the appointment of said directors.

In accordance with the provisions of the Companies Act, 2013, Mr. Pavan Kaushal would retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Also, during the year, the following were appointed as Key Managerial Personnel's:

1. Mr. Sadashiv S. Rao - Chief Executive Officer
2. Mr. Sanjay Ajgaonkar - Chief Financial Officer
3. Mr. Amol A. Ranade - Company Secretary

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.

MEETINGS OF THE BOARD

During the year, the Board met seven (7) times on April 29, 2015, July 24, 2015, August 21, 2015, September 21, 2015, October 28, 2015, January 25, 2016 and March 04, 2016. The gap between any two consecutive meetings was within the period prescribed under the Companies Act, 2013. The attendance details of the Board Meetings held during FY16 is given in the table below.

NAME OF THE DIRECTOR	DIN NO.	POSITION	NO. OF MEETINGS HELD IN FY16	NO. OF MEETINGS ATTENDED IN FY16
Mr. S S Kohli	00169907	Chairperson & Independent Director	3	3
Mr. A K T Chari	06478173	Independent Director	3	3
Ms. Ritu Anand	05154174	Non-Executive Director	3	3
Mr. Vikram Limaye	00488534	Non-Executive Director	7	7
Mr. Pavan Kaushal	07117387	Non-Executive Director	7	7
Dr. Rajiv B. Lall ¹	00131782	Chairperson & Non-Executive Director	2	1
Late Mr. S H Khan ²	00006170	Chairperson & Independent Director	1	1
Mr. Sunil Kakar ³	03055561	Non-Executive Director	5	5
Dr. Rajeev Uberoi ³	01731829	Non-Executive Director	5	5

¹ Resigned w.e.f. July 24, 2015

² Appointed as Chairperson w.e.f. October 28, 2015 & Cessation due to death w.e.f. January 12, 2016

³ Resigned w.e.f. October 28, 2015

AUDIT COMMITTEE

During the year, the Audit Committee met four (4) times on April 29, 2015, July 24, 2015, October 28, 2015 and January 25, 2016. The gap between any two consecutive meetings was within the period prescribed under the Companies Act, 2013. The composition of the Audit Committee is in compliance with the Companies Act, 2013. The attendance details of the Audit Committee Meetings held during FY16 is given in the table below.

NAME OF THE MEMBER	POSITION	STATUS	NO. OF MEETINGS HELD	NO. OF MEETINGS ATTENDED
Mr. S S Kohli	Independent Director	Chairperson	2	2
Mr. A K T Chari	Independent Director	Member	2	2
Mr. Pavan Kaushal	Non-Executive Director	Member	2	2
Mr. Vikram Limaye ¹	Non-Executive Director	Chairperson	3	3
Mr. Sunil Kakar ¹	Non-Executive Director	Member	3	3
Dr. Rajeev Uberoi ¹	Non-Executive Director	Member	3	3
Dr. Rajiv B. Lall ²	Non-Executive Director	Member	1	0

¹ Ceased to be a Member w.e.f. October 28, 2015

² Ceased to be a Member w.e.f. July 24, 2015

CREDIT COMMITTEE

During the year, The Credit Committee met three (3) times on December 23, 2015, January 25, 2016 and March 04, 2016. The attendance details of the Credit Committee Meetings held during FY16 is given in the table below.

BOARD'S REPORT

NAME OF THE MEMBER	POSITION	STATUS	NO. OF MEETINGS HELD	NO. OF MEETINGS ATTENDED
Mr. S S Kohli	Independent Director	Chairperson	3	3
Mr. A K T Chari	Independent Director	Member	3	3
Mr. Vikram Limaye	Non-Executive Director	Member	3	3
Mr. Pavan Kaushal	Non-Executive Director	Member	3	3

NOMINATION AND REMUNERATION COMMITTEE (NRC)

During the year, NRC was constituted to comply with the provisions of the Companies Act, 2013, comprising of:

1. Mr. A K T Chari - Chairperson
2. Mr. S S Kohli
3. Mr. Vikram Limaye

During the year, one (1) NRC meeting was convened and held on January 25, 2016. The composition of NRC is in compliance with the Companies Act, 2013. The attendance details of the NRC Meeting held during FY16 is given in the table below.

NAME OF THE MEMBER	POSITION	STATUS	NO. OF MEETINGS HELD	NO. OF MEETINGS ATTENDED
Mr. A K T Chari	Independent Director	Chairperson	1	1
Mr. S S Kohli	Independent Director	Member	1	1
Mr. Vikram Limaye	Non-Executive Director	Member	1	1

BOARD EVALUATION

The process of evaluations for the Directors including Chairperson and the Board and its committees has been started through circulation of questionnaires.

The said process will be completed in FY17 as most of the Directors were appointed on October, 2015.

REMUNERATION POLICY

The Board approved the Remuneration policy for the Directors, Key Managerial Personnel, Senior Management Personnel and other Employees which is formulated in line with the requirements of Companies Act, 2013.

STATUTORY AUDITORS

The Shareholders of the Company at their meeting held on September 29, 2014 had approved the appointment of Deloitte Haskins & Sells LLP, Chartered Accountants, (Registration No. 117366W / W-100018) as Statutory Auditors for a period of 5 years to hold office from the conclusion of the First Annual General Meeting for FY14 up to the conclusion of the Sixth Annual General Meeting of the Company for FY19. As per the provisions of the Companies Act, 2013 and Rules made there under, the above appointment is required to be ratified at every AGM during the period of 5 years of their appointment. The Statutory Auditors have confirmed that they are eligible to be appointed as Statutory Auditors for FY17.

The Board recommends the reappointment of Deloitte Haskins & Sells LLP, Chartered Accountants, as the Statutory Auditors of the Company.

There are no qualifications or observations or other remarks made by the Statutory Auditors for FY16.

SECRETARIAL AUDIT

Pursuant to section 204 of the Companies Act, 2013 and the rules made thereunder, the company had appointed M/S. BNP & Associates, Company Secretaries, as Secretarial Auditors to undertake Secretarial Audit of the Company for FY16. The Secretarial Audit Report forms part of this Board's Report as **Annexure I**.

There are no qualifications or observations or other remarks made by the Secretarial Auditors for FY16.

RELATED PARTY TRANSACTIONS

In all related party transactions (RPTs) that were entered into during the financial year, an endeavor was made consistently that they were on an arm's length basis and were in the ordinary course of business. The Company has always been committed to good corporate governance practices, including matters relating to RPTs.

As per the Accounting standard 18 on 'Related Party Disclosures' as specified u/s 133 of Companies Act, 2013 and Para A of Schedule V of SEBI (LODR) Regulations, 2015, the related parties of the company are given in note no. 24 of the Notes forming part of the financial statements.

Pursuant to the provisions of Companies Act, 2013 and Rules made thereunder and in the back-drop of the Company's philosophy on such matters, on the recommendation of Audit Committee the Board approved "Policy on Related Party Transactions" at its meeting held on March 20, 2015. The said policy is also uploaded on the website of the Company.

Since all related party transactions entered into by the Company were in the ordinary course of business and were on an arm's length basis, Form AOC-2 is not applicable to the Company.

BOARD'S REPORT

INTERNAL CONTROL SYSTEMS AND RISK MANAGEMENT

The Company has in place, adequate systems of Internal Control to ensure compliance with policies and procedures. It is being constantly assessed and strengthened with new / revised standard operating procedures and tighter Information Technology controls. Internal audits of all the business units of the Company are regularly carried out to review the Internal Control Systems. The Audit Reports of Internal Auditors along with their recommendations and implementation contained therein are regularly reviewed by the Audit Committee of the Board. The Internal Auditors verified the key Internal Financial Control by reviewing key controls impacting financial reporting and overall risk management procedures of the Company and found the same satisfactory. It was placed before the Audit Committee of the Company.

The Risk Management Committee has been formulated to monitor and review Risk Management of the Company.

MATERIAL CHANGES / COMMITMENTS

As per Section 134(3)(l) of Companies Act, 2013, there have been no reportable changes and commitments, affecting the financial position of the Company that has occurred during the period from March 31, 2016 till the date of this report.

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.

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

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

ANTI-SEXUAL HARASSMENT POLICY

The company has in place a policy on Anti-Sexual Harassment. The Company undertakes ongoing trainings to create awareness on this policy. No instances of Sexual Harassment were reported during the period under review.

EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in form MGT-9 are annexed herewith as **Annexure II**.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

During the year, Corporate Social Responsibility Committee was reconstituted to comply with the provisions of the Companies Act, 2013, comprising of:

1. Mr. S S Kohli - Chairperson
2. Mr. Vikram Limaye
3. Ms. Ritu Anand

The disclosure of contents of CSR Policy as prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014 are annexed herewith as **Annexure III**.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that:

- (a) in the preparation of financial statements for the year ended March 31, 2016, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at March 31, 2016 and of the profit and loss of the company for that period;
- (c) the directors had taken proper and sufficient care 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 directors had prepared the annual financial statements on a going concern basis; and
- (e) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

ACKNOWLEDGEMENTS

The Directors express their gratitude for the unstinted support and guidance received from IDFC Financial Holding Company Limited, Investors (HDFC and SBI Life) and other group companies.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

S S KOHLI

Chairperson

Mumbai, June 25, 2016

SECRETARIAL AUDIT REPORT**For the financial year ended March 31, 2016**

[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 Infra Debt Fund Limited

C-32, G-Block, Naman Chambers

Bandra-Kurla Complex

Bandra East

Mumbai 400051

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to corporate practices by **IDFC INFRA DEBT FUND LIMITED** (hereinafter called '**the Company**') for the audit period covering the financial year ended on March 31, 2016. 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, and subject to our separate letter attached as Annexure I; we hereby report that in our opinion, the Company has, during the audit period generally 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 March 31, 2016 according to the provisions of:

- (i) The Companies Act, 2013 ('the Act') and the Rules made thereunder;
- (ii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iii) 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 (Prohibition of Insider Trading) Regulations, 2015;
 - (b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (c) 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;
- (iv) Infrastructure Debt Fund-Non-Banking Financial Companies (Reserve Bank) Directions, 2011;
- (v) Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015;
- (vi) Non-Banking Financial Companies - Corporate Governance (Reserve Bank) Directions, 2015.

We have also examined compliance with the applicable clauses of Secretarial Standards issued by The Institute of Company Secretaries of India related to meetings and minutes.

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

During the period under review, provisions of the following Act / Regulations were not applicable to the Company:

- (i) The Securities Contracts (Regulation) Act, 1956 (SCRA) and the Rules made thereunder;
- (ii) 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;
- (iii) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"):
 - (a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - (b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Share based Employee benefits) Regulations, 2014;
 - (e) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
 - (f) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (iv) Listing Agreement (since not applicable being an unlisted company).

ANNEXURE I

SECRETARIAL AUDIT REPORT

We further report that -

The Board of Directors of the Company is duly constituted with proper balance of 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.

Proper notice is given to all Directors to schedule the Board meetings in compliance with the provisions of Section 173(3) of the Companies Act, 2013, agenda and detailed notes on agenda were generally sent at least seven days in advance, 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.

Decisions at the meetings of the Board of Directors of the Company were carried through on the basis of majority. There were no dissenting views by any member of the Board of Directors during the period under review.

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:

1. Obtained consent of the Board of Directors to issue Non-Convertible Securities aggregating up to ₹ 20,000 crores on Private Placement basis.
2. Obtained approval from the members to borrow monies aggregating up to ₹ 20,000 crores by issuance of Non-Convertible Securities on Private Placement basis.
3. Obtained consent of the Board of Directors to issue 13,00,00,000 Equity Shares of the face value of ₹ 10/- each for cash at par on Rights basis.
4. Obtained approval from the members to issue and allot up to 10,00,00,000 Equity Shares of the face value of ₹ 10/- each for cash at par on Preferential basis.

For BNP & Associates
Company Secretaries

Jatin S. Popat
Partner
FCS 4047 / CP No.6880

Mumbai, April 25, 2016

ANNEXURE I TO THE SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2016

To,

The Members,
IDFC Infra Debt Fund Limited

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 the 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. Wherever 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 BNP & Associates
Company Secretaries

Jatin S. Popat
Partner
FCS 4047 / CP No.6880

Mumbai, April 25, 2016

ANNEXURE II

FORM NO. MGT-9 EXTRACT OF ANNUAL RETURN

As on the financial year ended on March 31, 2016

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	U67190MH2014PLC253944
ii)	Registration Date	07/03/2014
iii)	Name of the Company	IDFC INFRA DEBT FUND LIMITED
iv)	Category / Sub-Category of the Company	Company Limited by shares Indian Non-Government Company
v)	Address of the Registered office and contact details	Naman Chambers, C-32, G-Block, Bandra Kurla Complex, Bandra East, Mumbai - 400 051. Tel.: +91 22 4222 2000, Fax: +91 22 2654 0354
vi)	Whether listed company Yes / No	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Sharepro Services (India) Pvt. Ltd.* 13, AB Samhita Warehousing Complex, 2nd Floor, Telephone Exchange Lane, Saki Naka, Andheri (E), Mumbai - 400 072. Contact No. +91 22 6772 0300 / 400

* Sharepro Services (India) Pvt. Ltd. provides connectivity services with depositories for the equity shares of the Company. The Company is in process of changing Registrar & Transfer Agent (RTA).

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

SR. NO.	NAME AND DESCRIPTION OF MAIN PRODUCTS / SERVICES	NIC CODE OF THE PRODUCT / SERVICE	% TO TOTAL TURNOVER OF THE COMPANY
1.	Finance to Infra Debt projects	66309	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

SR. NO.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	IDFC Limited	L65191TN1997PLC037415	Ultimate Holding	Indirectly 81.48%	Section 2(46)
2	IDFC Financial Holding Company Limited	L65900TN2014PLC097942	Holding	81.48%	Section 2(46)

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

(i) Category-wise Share Holding

CATEGORY OF SHAREHOLDERS	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR				NO. OF SHARES HELD AT THE END OF THE YEAR				% CHANGE DURING THE YEAR
	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
A. Promoters									
(1) Indian									
a) Individual/ HUF		NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Central Govt		NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c) State Govt (s)		NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d) Bodies Corp.	309,999,994	6	310,000,000	100%	439,999,994	6	440,000,000	81.48%	(18.52%)
e) Banks/FI		NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
f) Any Other		NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub-total (A) (1):-	309,999,994	6	310,000,000	100%	439,999,994	6	440,000,000	81.48%	(18.52%)

ANNEXURE II

FORM NO. MGT-9 EXTRACT OF ANNUAL RETURN

CATEGORY OF SHAREHOLDERS	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR				NO. OF SHARES HELD AT THE END OF THE YEAR				% CHANGE DURING THE YEAR
	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
(2) Foreign	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
a) NRIs - Individuals									
b) Other - Individuals									
c) Bodies Corp.									
d) Banks / FI									
e) Any Other									
Sub-total (A) (2):-	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	309,999,994	6	310,000,000	100%	439,999,994	6	440,000,000	81.48%	(18.52%)
B. Public Shareholding	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
1. Institutions									
a) Mutual Funds									
b) Banks/FI					60,000,000	NIL	60,000,000	11.11%	11.11%
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies					40,000,000	NIL	40,000,000	7.41%	7.41%
g) FIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total (B)(1):-	NIL	NIL	NIL	NIL	100,000,000	NIL	100,000,000	18.52%	18.52%
2. Non-Institutions									
a) Bodies Corp.									
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh									
c) Others (specify)									
Sub-total (B)(2):-	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total Public Shareholding (B) = (B)(1) + (B)(2)	NIL	NIL	NIL	NIL	100,000,000	NIL	100,000,000	18.52%	18.52%
C. Shares held by Custodian for GDRs & ADRs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Grand Total (A+B+C)	309,999,994	6	310,000,000	100%	539,999,994	6	540,000,000	100%	

(ii) Shareholding of Promoters

SR. NO.	SHAREHOLDER'S NAME	SHAREHOLDING AT THE BEGINNING OF THE YEAR			SHARE HOLDING AT THE END OF THE YEAR			% CHANGE IN SHARE HOLDING DURING THE YEAR
		NO. OF SHARES	% OF TOTAL SHARES OF THE COMPANY	% OF SHARES PLEDGED/ ENCUMBERED TO TOTAL SHARES	NO. OF SHARES	% OF TOTAL SHARES OF THE COMPANY	% OF SHARES PLEDGED/ ENCUMBERED TO TOTAL SHARES	
1.	IDFC Limited	152,000,000	49%	NIL	NIL	NIL	NIL	(49%)
2.	IDFC Alternatives Limited	143,000,000	46%	NIL	NIL	NIL	NIL	(46%)
3.	IDFC Finance Limited	15,000,000	5%	NIL	NIL	NIL	NIL	(5%)
4.	IDFC Financial Holding Company Limited	NIL	NIL	NIL	440,000,000	81.48%	NIL	81.48%
TOTAL		310,000,000	100%	NIL	440,000,000	81.48%	NIL	(18.52%)

ANNEXURE II

FORM NO. MGT-9 EXTRACT OF ANNUAL RETURN

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

SR. NO.		SHAREHOLDING AT THE BEGINNING OF THE YEAR		CUMULATIVE SHAREHOLDING DURING THE YEAR	
		NO. OF SHARES	% OF TOTAL SHARES OF THE COMPANY	NO. OF SHARES	% OF TOTAL SHARES OF THE COMPANY
1	At the beginning of the year	310,000,000	100%	310,000,000	100%
	Date wise Increase/ Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc):	#		#	
	At the end of the year	440,000,000	81.48%	440,000,000	81.48%

Inter-se transfer and increase in shareholding of Promoter:

SR. NO.	NAME	SHAREHOLDING AT BEGINNING OF THE YEAR		DATE	INCREASE / DECREASE IN % SHAREHOLDING	REASON	CUMULATIVE SHAREHOLDING DURING THE YEAR	
		NO. OF SHARES	%				NO. OF SHARES	%
1	IDFC Ltd	152,000,000	49%	July 9, 2015	Decrease	Transfer inter se	0	0%
	IDFC Alternatives Limited	143,000,000	46%	August 21, 2015	Decrease	Transfer inter se	0	0%
	IDFC Finance Limited	15,000,000	5%	August 21, 2015	Decrease	Transfer inter se	0	0%
	IDFC Financial Holding Company Limited	0	0	July 9, 2015 and August 21, 2015	Increase	Transfer Inter se	310,000,000	100%
2.	IDFC Financial Holding Company Limited	0	0	September 21, 2015	Increase	Right Issue*	440,000,000	100%

* The Company made Rights Issue of 130,000,000 equity shares of ₹ 10 each to IDFC Financial Holding Company Limited.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

SR. NO.	FOR EACH OF THE TOP 10 SHAREHOLDERS	SHAREHOLDING AT THE BEGINNING OF THE YEAR	
		NO. OF SHARES	% OF TOTAL SHARES OF THE COMPANY
1.	At the beginning of the year	0	0
2.	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer/ bonus / sweat equity etc):#	10,00,00,000	18.52%
3.	At the end of the year (or on the date of separation, if separated during the year)	10,00,00,000	18.52%

Preferential Allotment aggregating to 10,00,00,000 equity shares (6,00,00,000 and 4,00,00,000 to Housing Development Finance Corporation Limited and SBI Life Insurance Company Limited, respectively) on March 29, 2016.

(v) Shareholding of Directors and Key Managerial Personnel: NIL

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment:

IN ₹

	SECURED LOANS EXCLUDING DEPOSITS	UNSECURED LOANS	DEPOSITS	TOTAL INDEBTEDNESS
Indebtedness at the beginning of the financial year	NIL	NIL	NIL	NIL
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
TOTAL (I+II+III)	NIL	NIL	NIL	NIL
Change in Indebtedness during the financial year				
• Addition	808,00,00,000	NIL	NIL	808,00,00,000
• Reduction	NIL	NIL	NIL	NIL
Net Change	808,00,00,000	NIL	NIL	808,00,00,000
Indebtedness at the end of the financial year	808,00,00,000	NIL	NIL	808,00,00,000
i) Principal Amount	808,00,00,000	NIL	NIL	808,00,00,000
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	22,31,70,669	NIL	NIL	22,31,70,669

ANNEXURE II

FORM NO. MGT-9 EXTRACT OF ANNUAL RETURN

TOTAL (I+II+III)	830,31,70,669	NIL	NIL	830,31,70,669
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VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: NOT APPLICABLE

B. Remuneration to other directors:

IN ₹

SR. NO.	PARTICULARS OF REMUNERATION	NAME OF DIRECTORS						TOTAL AMOUNT
		LATE S H KHAN	S S KOHLI	AKT CHARI	RITU ANAND	VIKRAM LIMAYE	PAVAN KAUSHAL	
1. Independent Directors								
	Fee for attending board committee meetings	25,000	200,000	200,000	-	N.A.	N.A.	425,000
	Commission	-	-	-	-	N.A.	N.A.	-
	Others, please specify	-	-	-	-	N.A.	N.A.	-
	TOTAL (1)	25,000	200,000	200,000	-	N.A.	N.A.	425,000
2. Other Non-Executive Directors								
	Fee for attending board committee meetings	N.A.	N.A.	N.A.	75,000	-	-	75,000
	Commission	N.A.	N.A.	N.A.	-	-	-	-
	Others, please specify	N.A.	N.A.	N.A.	-	-	-	-
	TOTAL (2)	N.A.	N.A.	N.A.	75,000	-	-	75,000
	TOTAL (B) = (1 + 2)	25,000	200,000	200,000	75,000	-	-	500,000
	Overall Ceiling as per the Act							Refer Note

Note: Aforesaid payment of sitting fees is within overall limits prescribed by the Companies Act, 2013.

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD.

IN ₹

SR. NO.	PARTICULARS OF REMUNERATION	KEY MANAGERIAL PERSONNEL			TOTAL
		CEO	COMPANY SECRETARY (W.E.F. OCTOBER 1, 2015)	CFO (W.E.F. SEPTEMBER 1, 2015)	
1. Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	22,555,287	955,006	3,238,332	26,748,625
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	39,600	NIL	NIL	39,600
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961				
2. Stock Option		NIL	NIL	NIL	NIL
3. Sweat Equity		NIL	NIL	NIL	NIL
4. Commission		NIL	NIL	NIL	NIL
	- as % of profit				
	- others, specify...				
5. Others, please specify		2,435,411	81,320	357,553	2,874,284
	TOTAL (A)	25,030,298	1,036,326	3,595,885	29,662,509

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES: NIL

ANNEXURE III

CORPORATE SOCIAL RESPONSIBILITY (CSR)

[Pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

(1) SR. NO	(2) CSR PROJECT OR ACTIVITY IDENTIFIED	(3) SECTOR IN WHICH THE PROJECT IS COVERED (CLAUSE NO. OF SCHEDULE VII TO THE COMPANIES ACT, 2013, AMENDED)
1	Improvement in the learning environment in night schools - which cater to underprivileged students.	Cl.(ii) promoting education
2	Improvement in learning outcomes through pedagogical interventions for children attending anganwadi centers set up under the Integrated Child Development Scheme of the Govt. of India.	Cl.(ii) promoting education
3	Improvement in learning outcomes and universalization of primary education for a set of 60 schools in the backward blocks of Ramgarh and Kishangarh through an identified set of interventions and infrastructure improvements.	Cl.(ii) promoting education
4	Promoting Digital Literacy amongst School Students to enable access to universal knowledge, quality education, healthcare, transparent governance and economic opportunities.	Cl.(ii) promoting education
5	Support to Janaagraha Centre for Citizenship and Democracy to strengthen and improve the quality of life in Indian cities and towns.	Cl.(ii) promoting education Cl.(ii) livelihood enhancement projects,
6	Improvement of infrastructure facilities at Anganwadi centre and Primary Schools at Sanghakheda Kalan Village	Cl.(ii) promoting education
TOTAL		
7	Improvement in access to maternal and neo-natal health services for poor slum dwellers by strengthening the linkages with existing public health systems	Cl.(i) promoting health care including preventive health care
8	Providing emergency food supplies, house hold items and non-food items (NFIs) to meet the urgent needs of Families affected by flood in Chennai	Cl.(i) promoting health care including preventive health care
9	Support to Kamla Nehru Memorial Hospital for the maintenance cost of the essential cancer treatment equipment used for providing cancer treatment to underprivileged/economic weaker section of the society.	Cl.(i) promoting health care including preventive health care
Total		
10	Cattle Care program for breed improvement by providing services such as Artificial Insemination (AI) & other Veterinary Services to the Cattle farmers which have helped in their livelihood promotion.	Cl.(ii) livelihood enhancement projects,
11	Improving the aspired quality of life for the people through the development of infrastructure projects - (i) Setting up of Micro Hydel for supply of electricity, (ii) Solar street light and (iii) Clean drinking water in Mawlyngbwa Village, Meghalaya	Cl.(ii) livelihood enhancement projects; Cl. (iv) ensuring environmental sustainability; Cl. (x) rural development projects.
12	Setting up a Centre of Excellence for developing Handloom and Crafts as a means of sustainable livelihoods for the women in the remote areas of Uttarakhand	Cl.(ii) livelihood enhancement projects,
13	Skill development programme for improving the employment opportunities for the youth.	Cl.(ii) livelihood enhancement projects,
Total		
14	Other programmes (including research & studies).	Various clauses of Schedule VII
TOTAL		
Total Direct Expense of Project & Programmes (A)		
Overhead Expense (restricted to the 5% of total CSR expenditure) (B)		
TOTAL (A) + (B)		

*IDFC Foundation, a not for profit company within the meaning of Section 8 of Companies Act, 2013 (erstwhile Section 25 company of the Companies Act, 1956) has a comprehensive approach towards promoting the development of livelihoods, rural areas, social Infrastructure such as healthcare and education and other infrastructure that would meet the objectives of Inclusion and environmental sustainability such as water supply, sanitation, renewable energy, slum re-development and affordable housing.

(4)	(5)	(6)	(7)	(8)
PROJECTS OR PROGRAMS (1) LOCAL AREA OR OTHER (2) SPECIFY THE STATE AND DISTRICT WHERE PROJECTS OR PROGRAMS WAS UNDERTAKEN	AMOUNT OUTLAY (BUDGET)	AMOUNT SPENT ON THE PROJECTS OR PROGRAMS SUB HEADS: (1) DIRECT EXPENDITURE ON PROJECTS OR PROGRAMS (2) OVER HEADS	CUMULATIVE EXPENDITURE UP TO THE REPORTING PERIOD	AMOUNT SPENT : DIRECT OR THROUGH IMPLEMENTING AGENCY
Maharashtra-Mumbai		0.12	0.12	IMPLEMENTING AGENCY - IDFC FOUNDATION *
Uttarakhand - Dehradun, Nainital, Haridwar, Udham Singh Nagar and Tehri.		0.06	0.06	
Rajasthan - Alwar		0.17	0.17	
Madhya Pradesh - Hoshangabad	0.83	0.14	0.14	
Gujarat - Ahmadabad & Surat, Karnataka - Bangalore, Madhya Pradesh - Bhopal, Odisha - Bhubaneswar, Chandigarh, Tamilnadu - Chennai, Kerala - Thiruvananthapuram, Uttarakhand - Dehradun, Delhi, Andhra Pradesh - Hyderabad, Rajasthan - Jaipur, Uttar Pradesh - Kanpur & Lucknow, West Bengal - Kolkata, Punjab - Ludhiana, Maharashtra - Mumbai, Bihar - Patna, Chhattisgarh - Raipur, Jharkhand - Ranchi		0.09	0.09	
Madhya Pradesh - Hoshangabad		0.04	0.04	
	0.83	0.62	0.62	
Maharashtra-Mumbai		0.15	0.15	
Tamilnadu - Chennai	0.55	0.20	0.20	
Uttar Pradesh - Allahabad		0.11	0.11	
	0.55	0.46	0.46	
Madhya Pradesh - Hoshangabad, Harda, Khandwa, Khargone and Dhar		0.13	0.13	
Meghalaya - Across State	0.52	0.11	0.11	
Uttarakhand - Almora		0.07	0.07	
Madhya Pradesh - Hoshangabad		0.03	0.03	
	0.52	0.34	0.34	
All India coverage	1.87	0.61	0.61	
	1.87	0.61	0.61	
		2.03	2.03	
		0.18	0.18	
	3.77	2.21	2.21	

WE HEREBY CERTIFY THAT THE IMPLEMENTATION AND MONITORING OF CSR POLICY IS IN COMPLIANCE WITH CSR OBJECTIVES AND POLICY OF THE COMPANY.

ANNEXURE III

CORPORATE SOCIAL RESPONSIBILITY (CSR)

[Pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

1. A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

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

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

During the year, IDFC Infra Debt Fund Limited carried out CSR activities through its associate company, namely, IDFC Foundation, a not-for-profit Company within the meaning of Section 8 of the Act, 2013 (erstwhile Section 25 of the Companies Act, 1956).

The object of the CSR activities would seek to -

- (a) serve the poor, marginalised and underprivileged
- (b) promote inclusion
- (c) be sustainable
- (d) meet needs of the larger community and society

IDFC Foundation, as implementing agency on behalf of IDFC Limited and its group companies, undertook the following CSR activities which fall within the ambit of the activities listed in Schedule VII of the Act for promoting the development of -

- (a) livelihoods
- (b) rural areas
- (c) social infrastructure such as healthcare and education; and
- (d) other infrastructure that would meet the objectives of Inclusion and environmental sustainability such as water supply, sanitation, renewable energy, slum re-development and affordable housing.

2. The Composition of the CSR Committee.

Mr. Vikram Limaye
Mr. S. S. Kohli
Ms. Ritu Anand

3. Average net profit of the company for last three financial years	₹ 188.46 Lacs
4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)	₹ 3.77 Lacs
5. Details of CSR spent during the financial year.	₹ 3.77 Lacs
(a) Total amount to be spent for the financial year;	₹ 3.77 Lacs
(b) Amount unspent, if any;	₹ NIL

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF IDFC INFRA DEBT FUND LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **IDFC INFRA DEBT FUND LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act, as applicable.

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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under section 143 (11) of the Act.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, 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, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under section 133 of the Act, as applicable.
 - (e) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 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 A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

INDEPENDENT AUDITOR'S REPORT

- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position.
 - 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.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)

Pallavi A. Gorakshakar

Partner

(Membership No. 105035)

Mumbai, April 25, 2016

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 1 (f) under ‘Report on Other Legal and Regulatory Requirements’ of our report of even date)

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 INFRA DEBT FUND LIMITED** (“the Company”) as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management 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 (the “Guidance Note”) issued by the Institute of Chartered Accountants of India. 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 Companies Act, 2013.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting 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 Institute of Chartered Accountants of India 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, 2016, 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.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

(Firm’s Registration No. 117366W/W-100018)

Pallavi A. Gorakshakar

Partner

(Membership No. 105035)

Mumbai, April 25, 2016

ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered deed of conveyance provided to us, we report that, the title deeds, comprising the immovable property of land which is freehold, is held in the name of the Company as at the balance sheet date.
- (ii) The Company does not have any inventory and hence reporting under clause (ii) of the CARO 2016 is not applicable.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- (iv) The Company has not granted any loans, made investments or provide guarantees to which provisions of section 185 and 186 of Companies Act, 2013 apply and hence reporting under clause (iv) of the CARO 2016 is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and hence reporting under clause (v) of the CARO is not applicable.
- (vi) Having regard to the nature of the Company’s business / activities, reporting under clause (vi) CARO 2016 is not applicable.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Income-tax, Service Tax, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.
- According to the information and explanations given to us, during the year, there were no dues payable in respect of Employees’ State Insurance, Sales Tax, Custom Duty and Excise Duty.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Income-tax, Service Tax, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2016 for a period of more than six months from the date they became payable.
- (c) There are no dues of Provident Fund, Income-tax, Service Tax, Value Added Tax, cess and other material statutory dues which have not been deposited as on March 31, 2016 on account of disputes.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government and dues to debenture holders.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company does not have an Executive or a Whole-time Director hence reporting under clause (xi) of the CARO 2016 is not applicable.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us, the Company has made private placement of shares during the year under review.
- In respect of the above issue, we further report that:
- a) the requirement of Section 42 of the Companies Act, 2013, as applicable, have been complied with; and
- b) the amounts raised have been applied by the Company during the year for the purposes for which the funds were raised, other than temporary deployment pending application.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its Holding Company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934, and it has obtained the registration.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

(Firm’s Registration No. 117366W/W-100018)

Pallavi A. Gorakshakar

Partner

(Membership No. 105035)

Mumbai, April 25, 2016

BALANCE SHEET

AS AT MARCH 31, 2016

	NOTES	AS AT MARCH 31, 2016 ₹	AS AT MARCH 31, 2015 ₹
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	3	5,400,000,000	3,100,000,000
(b) Reserves and surplus	4	415,288,931	44,267,414
		5,815,288,931	3,144,267,414
Non Current liabilities			
(a) Long-term borrowings	5	8,080,000,000	-
(b) Long-term provisions	6	48,070,351	-
		8,128,070,351	-
Current liabilities			
(a) Trade payables			
(i) Total outstanding dues of Micro, Small and Medium Enterprises	7	-	-
(ii) Total outstanding dues of creditors other than Micro, Small and Medium Enterprises	7	43,455,611	125,034
(b) Other current liabilities	8	229,323,399	13,000
		272,779,010	138,034
TOTAL		14,216,138,292	3,144,405,448
ASSETS			
Non-current assets			
(a) Fixed assets			
Tangible assets	9	4,947,982	4,515,444
(b) Long term loans and advances			
(i) Loans	10	11,263,482,159	-
(ii) Others	11	60,373,978	23,198,269
		11,328,804,119	27,713,713
Current assets			
(a) Current investments	12	1,065,000,000	3,112,034,460
(b) Cash and cash equivalents	13	1,022,659,003	1,073,301
(c) Short-term loans and advances			
(i) Loans	10	754,105,883	-
(ii) Others	14	2,461,322	3,583,974
(d) Other current assets	15	43,107,965	-
		2,887,334,173	3,116,691,735
TOTAL		14,216,138,292	3,144,405,448

See accompanying notes forming part of the financial statements (See notes 1 to 33).

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Registration No. 117366W/W-100018)

For and on behalf of the Board of Directors of
IDFC Infra Debt Fund Limited

Pallavi A. Gorakshakar
Partner
(Membership No. 105035)

Vikram Limaye
Director

S S Kohli
Director

Mumbai | April 25, 2016

Sanjay Ajgaonkar
Chief Financial Officer

Amol Ranade
Company Secretary

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2016

	NOTES	FOR THE YEAR ENDED MARCH 31, 2016 ₹	FOR THE YEAR ENDED MARCH 31, 2015 ₹
I INCOME			
Revenue from operations	16	749,855,908	34,460
Other income	17	-	88,788,170
TOTAL INCOME (I)		749,855,908	88,822,630
II EXPENSES			
Employee benefits expense	18	84,050,738	-
Finance Costs	19	232,230,773	1,211,222
Provisions and contingencies	20	48,070,351	-
Other expenses	21	12,891,000	29,979,958
Depreciation	9	1,591,529	223,987
TOTAL EXPENSES (II)		378,834,391	31,415,167
III PROFIT BEFORE TAX (I - II)		371,021,517	57,407,463
IV TAX EXPENSE	32		
Current tax		-	12,180,500
Deferred tax		-	12,900
Short provision of last year		-	21,900
TOTAL TAX EXPENSES (IV)		-	12,215,300
V PROFIT FOR THE YEAR (III - IV)		371,021,517	45,192,163
Earnings per equity share (nominal value of share ₹ 10 each)	25		
Basic & Diluted (₹)		0.98	0.22

See accompanying notes forming part of the financial statements (See notes 1 to 33)

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Registration No. 117366W/W-100018)

Pallavi A. Gorakshakar
Partner
(Membership No. 105035)

Mumbai | April 25, 2016

For and on behalf of the Board of Directors of
IDFC Infra Debt Fund Limited

Vikram Limaye
Director

Sanjay Ajaonkar
Chief Financial Officer

S S Kohli
Director

Amol Ranade
Company Secretary

CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2016

	NOTES	FOR THE YEAR ENDED MARCH 31, 2016 ₹	FOR THE YEAR ENDED MARCH 31, 2015 ₹
A. CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax		371,021,517	57,407,463
Adjustments for			
Depreciation	9	1,591,529	223,987
Provision for contingencies	20	48,070,351	-
Interest expense	19 (i)	223,170,669	-
Interest income	16 (a)	(475,484,935)	-
Profit on sale of current investments	16	(249,594,769)	(34,460)
Interest paid		-	-
Interest received		432,376,970	-
Operating profit before working capital changes		351,151,332	57,596,990
Changes in working capital:			
Adjustment for (increase)/decrease in operating assets/other current assets			
Short term loans & advances		1,122,652	(3,290,590)
Adjustment for increase/ (decrease) in operating liabilities			
Trade payables		43,330,577	38,801
Other current liabilities		6,139,730	5,000
Direct taxes paid (net of refund)		(37,175,709)	(35,469,469)
CASH GENERATED FROM OPERATIONS		364,568,582	18,880,732
Infrastructure Loans disbursed (net of repayments)		(12,017,588,042)	-
NET CASH USED IN OPERATING ACTIVITIES (A)		(11,653,019,460)	18,880,732
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed assets	9	(2,024,067)	(4,739,431)
Purchase of current investments		(14,752,600,001)	(3,118,000,000)
Sale proceeds of current investments		17,049,229,230	6,000,000
NET CASH USED IN INVESTING ACTIVITIES (B)		2,294,605,162	(3,116,739,431)
C. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of Share Capital		2,300,000,000	2,980,000,000
Proceeds from Borrowings		8,080,000,000	-
NET CASH FROM FINANCING ACTIVITIES (C)		10,380,000,000	2,980,000,000
Net decrease in Cash & Cash equivalents (A+B+C)		1,021,585,702	(117,858,699)
Cash and cash equivalents as at the beginning of the year	13	1,073,301	118,932,000
Cash and cash equivalents as at the end of the year	13	1,022,659,003	1,073,301
		1,021,585,702	(117,858,699)

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Registration No. 117366W/W-100018)

For and on behalf of the Board of Directors of
IDFC Infra Debt Fund Limited

Pallavi A. Gorakshakar
Partner
(Membership No. 105035)

Vikram Limaye
Director

S S Kohli
Director

Mumbai | April 25, 2016

Sanjay Ajaonkar
Chief Financial Officer

Amol Ranade
Company Secretary

01 BACKGROUND

IDFC Infra Debt Fund Limited ('the Company') is a public company incorporated in India on March 7, 2014. The Company has received a Non-banking Financial Company license from the Reserve Bank of India (the RBI) on September 22, 2014. The main object of the Company is to undertake infrastructure debt fund activities ie, re-financing existing debt of infrastructure companies, thereby creating fresh headroom for banks to lend to new infrastructure projects.

02 SIGNIFICANT ACCOUNTING POLICIES**A. BASIS OF PREPARATION**

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in preparation of financial statements are consistent with those followed in the previous year.

B. USE OF ESTIMATES

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

C. CASH AND CASH EQUIVALENTS

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

D. CASH FLOW STATEMENT

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

E. LOANS

In accordance with the RBI guidelines, all loans are classified under any of four categories i.e. (i) standard assets (ii) sub-standard assets (iii) doubtful assets and (iv) loss assets.

F. TANGIBLE FIXED ASSETS

Fixed assets are stated at cost of acquisition, including any cost attributable for bringing the asset to its working condition, less accumulated depreciation. Gains or losses arising from derecognition of fixed assets are measured as difference between the net disposal proceeds and the fair value/cost of the assets less accumulated depreciation up to the date of disposal and are recognised in the Statement of Profit and Loss when asset is derecognised. Subsequent expenditure on fixed assets after its purchase / completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

G. DEPRECIATION ON TANGIBLE FIXED ASSETS

Depreciable amount for assets is the cost of an asset in the year of addition. Depreciation on tangible fixed assets is provided on straight line method as per the useful life prescribed in Part C of Schedule II to the Companies Act, 2013. Depreciation on additions during the year is provided on a pro-rata basis. Assets costing less than ₹ 5,000 each are fully depreciated in the year of capitalisation.

H. IMPAIRMENT OF ASSETS

The carrying amount of assets at each Balance Sheet date are reviewed for impairment. If any indication of impairment based on internal / external factors exists, the recoverable amount of such assets is estimated and impairment is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and its value in use, which is arrived at by discounting the future cash flows to their present value, based on an appropriate discounting factor. If at the Balance Sheet date, there is indication that previously recognised impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount, subject to a maximum of the depreciable historical cost and reversal of such impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

I. EXPENSE UNDER EMPLOYEE STOCK OPTION SCHEMES (ESOS)

The ESOS provides for grant of stock options to employees to acquire equity shares of the Company that vest in a graded manner and that are to be exercised within a specified period. In accordance with the Guidelines and the Guidance Note on 'Accounting for Employees Share-based Payments' issued by the Institute of Chartered Accountants of India, the excess, if any, of the fair value/ closing market price on the day prior to the date of grant of the stock options under the ESOS over the exercise price is amortised on a straight-line method over the vesting period and is charged to the Statement of Profit and Loss as employee benefits expense. In case the vested stock options expires unexercised, the balance in stock options outstanding is transferred to the general reserve.

In case the unvested stock options get lapsed / cancelled, the balance in stock option outstanding account is transferred to the Statement of Profit & Loss.

J. INVESTMENTS

Long-term investments are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

K. EMPLOYEE BENEFITS

Defined contribution plan

The contribution to provident fund, superannuation fund and pension fund are considered as defined contribution plans and are charged to the Statement of Profit and Loss as they fall due, based on the amount of contribution required to be made and when services are rendered by the employees.

Defined benefit plan

The net present value of obligation towards gratuity to employees is actuarially determined as at the Balance Sheet date based on the projected unit credit method. Actuarial gains and losses are recognised in the Statement of Profit and Loss for the year.

Compensated absences

Employees are not permitted to accumulate leave. Based on the leave rules, unavailed privilege leave to the extent encashable is paid to the employees and charged to the Statement of Profit and Loss for the year.

L. BORROWING COSTS

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Interest cost in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan.

M. REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. In addition, the following criteria must also be met before revenue is recognised:

Interest Income is accounted on accrual basis except in the case of non-performing loans where it is recognised upon realisation, as per the income recognition and asset classification norms prescribed by the RBI.

Front end fees on processing of loans are recognised upfront as income.

Dividend is accounted on accrual basis when the right to receive is established.

Profit / loss earned on sale of investments is recognised on trade date basis. Profit / loss on sale of investments is determined based on the FIFO cost for current investments and weighted average cost for long term investments.

N. POLICY ON SEGMENT

The Company is engaged in business of Non banking financial services. As such, there are no separate reportable segments (including geographical segments).

O. EARNINGS PER SHARE

Basic earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit after tax as adjusted for expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the year, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each year.

P. TAXES ON INCOME

Income tax expense comprises of current income tax and deferred tax. Current tax is the amount payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws. The accounting treatment for income-tax in respect of the Company's income is based on Accounting Standard 22 on "Accounting for Taxes on Income" as notified under the Companies (Accounting Standards) Rules, 2006. The provision made for income-tax in the accounts comprises both, the current tax and the deferred tax. The deferred tax assets and liabilities for the year arising on account of timing differences are recognised in the Statement of Profit and Loss and the cumulative effect thereof is reflected in the Balance Sheet.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the

tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

As the income of the Company is exempt under section 10(47) of the Income Tax Act, 1961, no deferred tax asset/liability has been recognised from October, 2014, post obtaining registration with Reserve Bank of India as IDF-NBFC.

Q. PROVISIONS AND CONTINGENCIES

Contingent provision against standard assets is made at 0.40% of the outstanding standard assets, higher than the provisioning requirement of 0.30% in accordance with the extant RBI guidelines.

The policy of provisioning against non performing loans and advances has been decided by the Management considering norms prescribed by the RBI under Non Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 2007. As per the policy adopted, the provision against non performing loans and advances are created on a conservative basis, taking into account Management's perception of the higher risk associated with the business of the Company.

R. OTHER PROVISIONS

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities if any, are disclosed in the notes. Contingent assets are not recognised in the financial statements.

S. SERVICE TAX INPUT CREDIT

Service tax input credit is accounted for in the books in the period in which the underlying services are received and when there is no uncertainty in availing / utilising the credit.

T. OPERATING CYCLE

Operating cycle is the normal time between acquisition of assets and their realisation in cash or cash equivalents. Since normal operating cycle cannot be identified, it is assumed to have a duration of twelve months for the purpose of classification of its assets and liabilities as current and non-current.

03 SHARE CAPITAL

	AS AT MARCH 31, 2016		AS AT MARCH 31, 2015	
	NUMBER	₹	NUMBER	₹
Authorised shares				
Equity shares of ₹ 10 each	800,000,000	8,000,000,000	500,000,000	5,000,000,000
Issued, subscribed & fully paid-up shares				
Equity shares of ₹ 10 each	540,000,000	5,400,000,000	310,000,000	3,100,000,000
(Of the above, 440,000,000 equity shares are held by IDFC Financial Holding Company Limited & its nominees; IDFC Limited is the Ultimate Holding Company)				
TOTAL		5,400,000,000		3,100,000,000

(a) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the year.

	AS AT MARCH 31, 2016		AS AT MARCH 31, 2015	
	NUMBER	₹	NUMBER	₹
Outstanding at the beginning of the year	310,000,000	3,100,000,000	12,000,000	120,000,000
Issued during the year (see note 24)	230,000,000	2,300,000,000	298,000,000	2,980,000,000
OUTSTANDING AT THE END OF THE YEAR	540,000,000	5,400,000,000	310,000,000	3,100,000,000

(b) Terms / 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.

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

EQUITY SHARES	AS AT MARCH 31, 2016		AS AT MARCH 31, 2015	
	NUMBER	% OF HOLDING	NUMBER	% OF HOLDING
IDFC Financial Holding Company Limited and its nominees	440,000,000	81.48	-	-
Housing Development Finance Corporation Limited	60,000,000	11.11	-	-
SBI Life Insurance Company Limited	40,000,000	7.41	-	-
IDFC Limited and its nominees	-	-	152,000,000	49.03
IDFC Alternatives Limited	-	-	143,000,000	46.13

(d) Movement in stock options granted under the ESOS is as under:

	FOR THE YEAR ENDED MARCH 31, 2016	FOR THE YEAR ENDED MARCH 31, 2015
	NUMBER	NUMBER
Outstanding as at beginning of the year	-	-
Add: Granted during the year	3,901,000	-
Less: Exercised during the year	-	-
Less: Lapsed / forfeited during the year	-	-
OUTSTANDING AS AT THE END OF THE YEAR	3,901,000	-

04 RESERVES AND SURPLUS (REFER NOTE 31)

	AS AT MARCH 31, 2016 ₹	AS AT MARCH 31, 2015 ₹
(a) Special Reserve u/s. 45-IC of the RBI Act, 1934		
Opening balance	9,040,000	-
Add : Transferred from surplus in Statement of Profit and Loss	75,000,000	9,040,000
CLOSING BALANCE	84,040,000	9,040,000
(b) Surplus in the Statement of Profit and Loss		
Opening balance	35,227,414	(924,749)
Profit for the year	371,021,517	45,192,163
Less: Appropriations		
Transfer to Special Reserve u/s. 45-IC of the RBI Act, 1934	75,000,000	9,040,000
CLOSING BALANCE	331,248,931	35,227,414
TOTAL RESERVES AND SURPLUS	415,288,931	44,267,414

05 LONG-TERM BORROWINGS

	AS AT MARCH 31, 2016		AS AT MARCH 31, 2015	
	NON-CURRENT	CURRENT	NON-CURRENT	CURRENT
Debentures (non convertible) (secured) [see note (a), (b), (c) below & note 24]	8,080,000,000	-	-	-
TOTAL LONG-TERM BORROWINGS	8,080,000,000	-	-	-

- (a) The above borrowings are secured by way of a first floating pari passu charge by way of hypothecation of receivables of the Company arising out of its investments, loans, current assets, loans and advances, both present and future, excluding investments in and other receivables from subsidiaries and affiliates and lien marked assets.
- (b) In terms of the RBI circular (Ref No. DNBR (PD) CC No.043 / 03.10.119 / 2015-16 dated July 1, 2015) no borrowings remained overdue as on March 31, 2016. (Previous Year ₹ Nil).

(c) Interest and repayment terms of long-term borrowings:

RESIDUAL MATURITY	AS AT MARCH 31, 2016		AS AT MARCH 31, 2015	
	BALANCE OUTSTANDING	INTEREST RATE(%)	BALANCE OUTSTANDING	INTEREST RATE(%)
Fixed Rate				
Above 5 years	1,030,000,000	8.88	-	-
3-5 years	7,050,000,000	8.55 to 8.85	-	-
1-3 years	-	-	-	-
TOTAL	8,080,000,000		-	

06 LONG-TERM PROVISIONS

	AS AT MARCH 31, 2016 ₹	AS AT MARCH 31, 2015 ₹
Contingent provision against standard assets [see note (a) & (b) below]	48,070,351	-
	48,070,351	-

(a) A contingent provision against standard assets has been created at 0.40% of the outstanding standard assets as against 0.30% required in terms of the RBI circular (Ref. No. DNBR (PD) CC No.043 / 03.10.119 / 2015-16 dated July 1, 2015).

(b) Movement in contingent provision against standard assets during the year is as under:

Opening balance	-	-
Additions during the year	48,070,351	-
CLOSING BALANCE	48,070,351	-

07 TRADE PAYABLES

	AS AT MARCH 31, 2016 ₹	AS AT MARCH 31, 2015 ₹
Total outstanding dues of Micro, Small and Medium Enterprises-Trade payables (see note 27)	-	-
Total outstanding dues of creditors other than Micro, Small and Medium Enterprises-Trade payables (see note 27)	1,094,925	-
Provision for expenses	42,360,686	125,034
TOTAL	43,455,611	125,034

08 OTHER CURRENT LIABILITIES

	AS AT MARCH 31, 2016 ₹	AS AT MARCH 31, 2015 ₹
Interest accrued but not due on borrowings	223,170,669	-
Statutory dues	2,348,906	13,000
Payable to Gratuity Fund (see note 22)	3,513,934	-
Payable to New Pension Scheme	28,904	-
Other liabilities	260,986	-
TOTAL	229,323,399	13,000

09 TANGIBLE ASSETS (SEE NOTE 24)

	GROSS BLOCK				ACCUMULATED DEPRECIATION			NET BLOCK		
	BALANCE AS AT APRIL 1, 2015	ADDITIONS	DISPOSALS	BALANCE AS AT MARCH 31, 2016	BALANCE AS AT APRIL 1, 2015	DEPRECIATION CHARGE FOR THE YEAR	ON DISPOSALS	BALANCE AS AT MARCH 31, 2016	BALANCE AS AT MARCH 31, 2016	BALANCE AS AT MARCH 31, 2015
	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)
Freehold Land	-	382,500	-	382,500	-	-	-	-	382,500	-
(Previous year)	-	-	-	-	-	-	-	-	-	-
Vehicles (owned)	4,739,431	1,443,479	-	6,182,910	223,987	1,572,609	-	1,796,596	4,386,314	4,515,444
(Previous year)	-	(4,739,431)	-	(4,739,431)	-	(223,987)	-	(223,987)	(4,515,444)	-
Computers	-	179,213	-	179,213	-	15,630	-	15,630	163,583	-
(Previous year)	-	-	-	-	-	-	-	-	-	-
Office Equipments	-	18,875	-	18,875	-	3,290	-	3,290	15,585	-
(Previous year)	-	-	-	-	-	-	-	-	-	-
TOTAL TANGIBLE ASSETS	4,739,431	2,024,067	-	6,763,498	223,987	1,591,529	-	1,815,516	4,947,982	4,515,444
(previous year)	-	(4,739,431)	-	(4,739,431)	-	(223,987)	-	(223,987)	(4,515,444)	-

10 LOANS (SEE NOTE 24)

	₹			
	AS AT MARCH 31, 2016		AS AT MARCH 31, 2015	
	NON-CURRENT	CURRENT	NON-CURRENT	CURRENT
Rupee loans [see note (a), (b) & (c) below]	9,178,187,268	681,857,025	-	-
Debentures [see note (a), (b) and (c) below]	2,085,294,891	72,248,858	-	-
TOTAL	11,263,482,159	754,105,883	-	-

(a) The above amount includes:

Secured [see note 10(b)]	11,263,482,159	754,105,883	-	-
Unsecured	-	-	-	-

(b) The above loans are secured by:

- (i) Hypothecation of assets and / or
- (ii) Mortgage of property and / or
- (iii) Trust and retention account and / or
- (iv) Assignment of receivables or rights and / or
- (v) Pledge of shares

(c) The classification of loans under the RBI guidelines is as under:

	AS AT MARCH 31, 2016	AS AT MARCH 31, 2015
	₹	₹
(i) Standard assets	12,017,588,042	-
(ii) Sub-standard assets	-	-
(iii) Doubtful assets	-	-
(iv) Loss assets	-	-
TOTAL	12,017,588,042	-

11 LONG TERM LOANS AND ADVANCES-OTHERS (CONSIDERED GOOD, UNLESS STATED OTHERWISE)

	AS AT MARCH 31, 2016	AS AT MARCH 31, 2015
	₹	₹
Advance payment of income tax (net of provision for tax of ₹ Nil, Previous year ₹ 12,180,500)	60,373,978	23,198,269
TOTAL	60,373,978	23,198,269

12 CURRENT INVESTMENTS

	AS AT MARCH 31, 2016 ₹	AS AT MARCH 31, 2015 ₹
Investment in mutual funds (unquoted)		
578,910.125 units of IDFC Cash Fund-Direct Plan-Growth (previous year-1,876,720.636 units) (Face value per unit - ₹ 1,000)	1,065,000,000	3,112,034,460
TOTAL	1,065,000,000	3,112,034,460
Aggregate amount of investments in unquoted mutual funds		
Cost	1,065,000,000	3,112,034,460
Market value	1,066,248,304	3,191,516,957

Market value of investments in unquoted mutual funds represents the repurchase price of the units issued by the mutual funds

13 CASH AND CASH EQUIVALENTS (SEE NOTE 24)

	AS AT MARCH 31, 2016 ₹	AS AT MARCH 31, 2015 ₹
Balance with bank:		
In current account	1,659,003	1,073,301
In deposit account	1,021,000,000	-
TOTAL	1,022,659,003	1,073,301

14 SHORT-TERM LOANS AND ADVANCES (CONSIDERED GOOD, UNLESS STATED OTHERWISE)

	AS AT MARCH 31, 2016 ₹	AS AT MARCH 31, 2015 ₹
Prepaid expenses	1,825,182	3,295,890
Supplier Advance	62,425	-
Employee Advance	17,350	-
Balances with government authorities - cenvat credit receivable	556,365	288,084
TOTAL	2,461,322	3,583,974

15 OTHER CURRENT ASSETS (CONSIDERED GOOD, UNLESS STATED OTHERWISE)

	AS AT MARCH 31, 2016 ₹	AS AT MARCH 31, 2015 ₹
Interest accrued on Bank deposits (See note 24)	593,520	-
Interest accrued on loans	42,514,445	-
TOTAL	43,107,965	-

16 REVENUE FROM OPERATIONS

	FOR THE YEAR ENDED MARCH 31, 2016 ₹	FOR THE YEAR ENDED MARCH 31, 2015 ₹
Interest [see note (a) below]	475,484,935	-
Other financial services -Fees	24,776,204	-
Profit on sale of current investments	249,594,769	34,460
TOTAL	749,855,908	34,460
(a) Details of interest income		
Interest on loans [see note (i) below]	472,766,469	-
Interest on deposits (see note 24)	2,718,466	-
TOTAL	475,484,935	-

(i) Interest on loans includes interest on debentures & bonds of ₹ 58,008,762 (Previous Year ₹ Nil).

17 OTHER INCOME

	FOR THE YEAR ENDED MARCH 31, 2016 ₹	FOR THE YEAR ENDED MARCH 31, 2015 ₹
Interest on bank deposit [see note (a) below]	-	88,788,170
Miscellaneous income	-	-
TOTAL	-	88,788,170

(a) In the previous year, the interest on bank deposit earned prior to the date of commencement of operations is classified as other income.

18 EMPLOYEE BENEFITS EXPENSE

	FOR THE YEAR ENDED MARCH 31, 2016 ₹	FOR THE YEAR ENDED MARCH 31, 2015 ₹
Salaries	75,106,847	-
Contribution to provident and other funds (Refer Note 22)	8,408,090	-
Staff welfare expenses	535,801	-
TOTAL	84,050,738	-

19 FINANCE COSTS

	FOR THE YEAR ENDED MARCH 31, 2016 ₹	FOR THE YEAR ENDED MARCH 31, 2015 ₹
Interest expense	223,185,540	6,776
(i) Borrowings (see note 24)	223,170,669	-
(ii) Others-Interest on delayed payment of income tax	14,871	6,776
Other borrowing cost (see note 24)	9,045,233	1,204,446
TOTAL	232,230,773	1,211,222

20 PROVISIONS AND CONTINGENCIES

	FOR THE YEAR ENDED MARCH 31, 2016 ₹	FOR THE YEAR ENDED MARCH 31, 2015 ₹
Contingent provision against standard assets (see note 6)	48,070,351	-
TOTAL	48,070,351	-

21 OTHER EXPENSES

	FOR THE YEAR ENDED MARCH 31, 2016 ₹	FOR THE YEAR ENDED MARCH 31, 2015 ₹
Professional fees	3,838,046	112,825
Rates and taxes	7,175	285,154
Insurance charges	1,753	-
Travelling and conveyance	874,763	452,147
Printing and stationery	6,939	-
Communication costs	11,543	-
Stamp duty and registration fees for increase in authorised share capital	892,131	28,729,000
Directors' sitting fees	625,000	-
NSDL & Demat Charges	12,840	40,450
Shared service cost [see note (a) below & note 24)]	4,265,985	-
Contribution towards corporate social responsibility (CSR) (see note 24)	376,924	-
Auditor's remuneration [see note (b) below]	1,740,646	355,591
Advertising & publicity	88,320	-
Miscellaneous expenses	135,560	4,791
Other operating expenses	13,375	-
TOTAL	12,891,000	29,979,958

(a) Shared service costs includes amount paid to fellow subsidiary ₹ 4,014,125 (previous year ₹ Nil) & ultimate holding company ₹ 251,860 (previous year ₹ Nil) towards a Service Level Agreement.

(b) Breakup of Auditors' remuneration

Audit fees	400,000	100,000
Tax audit fees	50,000	30,000
Taxation matters	500,000	-
Other Services	670,000	195,000
Service tax	176,646	40,170
Swachh Bharat Cess	7,000	-
Total	1,803,646	365,170
Less: Cenvat credit available	63,000	9,579
	1,740,646	355,591

22 In accordance with Accounting Standard 15 on 'Employee Benefits' specified under Section 133 of the 2013 Act, the following disclosures have been made:

i. The Company has recognised the following amounts in the Statement of Profit and Loss towards contribution to defined contribution plans which are included under contribution to provident and other funds:

	FOR THE YEAR ENDED MARCH 31, 2016 ₹	FOR THE YEAR ENDED MARCH 31, 2015 ₹
Provident fund	2,023,380	-
Superannuation fund	230,192	-
Pension fund	1,196,466	-

ii. The details of the Company's post - retirement benefit plans for gratuity for its employees are given below which are certified by the actuary and relied upon by the auditors:

	FOR THE YEAR ENDED MARCH 31, 2016 ₹	FOR THE YEAR ENDED MARCH 31, 2015 ₹
Change in the defined benefit obligations:		
Liability at the beginning of the year	-	-
Current service cost	682,742	-
Interest cost	383,913	-
Liabilities assumed on acquisition	14,898,975	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2016

	FOR THE YEAR ENDED MARCH 31, 2016 ₹	FOR THE YEAR ENDED MARCH 31, 2015 ₹
Benefits paid	-	-
Actuarial loss	3,891,397	-
Liability at the end of the year	19,857,027	-
Fair value of plan assets :		
Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Assets acquired on Acquisition/(Distributed on Divestiture)	14,898,960	-
Contributions	1,444,118	-
Benefits paid	-	-
Actuarial gain on plan assets	-	-
Fair value of plan assets at the end of the year	16,343,078	-
Amount recognised in the Balance sheet under 'Other current liabilities'-payable to Gratuity Fund	3,513,949	-
Actual return on plan assets :		
Expected return on plan assets	-	-
Actuarial gain on plan assets	-	-
Actual return on plan assets	-	-
Amount recognised in the Balance Sheet:		
Liability at the end of the year	19,857,027	-
Fair value of plan assets at the end of the year	16,343,078	-
Amount recognised in the Balance sheet under 'Other current liabilities'-payable to Gratuity Fund	3,513,949	-
Expense recognised in the Statement of Profit and Loss :		
Current service cost	682,742	-
Interest cost	383,913	-
Expected return on plan assets	-	-
Net actuarial loss recognised during the year	3,891,397	-
Expense recognised in the Statement of Profit and Loss under 'Employee benefits expense'	4,958,052	-
Reconciliation of the liability recognised in the Balance Sheet:		
Opening net asset / (liability)	-	-
Expense recognised	4,958,052	-
Contribution by the Company	1,444,118	-
Expected employer's contribution next year	1,000,000	-
Experience adjustments:		
	FOR THE YEAR ENDED MARCH 31, 2016 ₹	FOR THE YEAR ENDED MARCH 31, 2015 ₹
Defined benefit obligation	19,857,027	-
Plan assets	14,898,960	-
Recoverable on short settled Liability on divestiture	15	-
Deficit before contribution	(4,958,052)	-
Contribution made by Company	1,444,118	-
Deficit	(3,513,934)	-
Experience adjustments on plan liabilities	-	-
Experience adjustments on plan assets	-	-
Investment pattern:		
	FOR THE YEAR ENDED MARCH 31, 2016	FOR THE YEAR ENDED MARCH 31, 2015
Insurer managed funds	-	-
Principal assumptions:		
Discount rate (p.a.)	8%	0%
Expected rate of return on assets (p.a.)	9%	0%
Salary escalation rate (p.a.)	8%	0%

The estimate of future salary increase, considered in the actuarial valuation takes account of inflation, seniority, promotion and other relevant factors.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2016

23 The Company is engaged in business of Non banking financial services. As such, there are no separate reportable segments (including geographical segments) as per Accounting Standard 17 on 'Segment Reporting' specified u/s 133 of Companies Act, 2013.

24 As per Accounting Standard 18 on 'Related Party Disclosures' as specified u/s 133 of Companies Act, 2013, the related parties of the Company are as follows:

- I. Ultimate Holding Company: IDFC Limited
- II. Holding company: IDFC Financial Holding Company Limited
- III. Fellow Subsidiaries
 - i) IDFC Bank Limited
 - ii) IDFC Foundation
 - iii) IDFC Alternatives Limited
 - iv) IDFC Finance Limited

The nature and volume of transactions carried out with the above related parties in the ordinary course of business is as follows:

NAME OF RELATED PARTY, NATURE OF RELATIONSHIP & PARTICULARS	AS AT MARCH 31, 2016 ₹	AS AT MARCH 31, 2015 ₹
A. ULTIMATE HOLDING COMPANY		
1 IDFC LIMITED		
i Expense		
Shared services cost (*)	235,383	-
Interest expense on NCDs issued	8,933,607	-
ii Assets/Transactions		
Purchase of fixed assets	675,877	-
Assignment of third party loans	4,944,000,000	-
iii Liabilities/Transactions		
Inter corporate deposits received & repaid	1,900,000	-
NCDs issued & outstanding	450,000,000	-
Proceeds from issue of equity shares	-	1,400,000,000
Interest on NCDs issued	8,933,607	-
B. HOLDING COMPANY		
1 IDFC FINANCIAL HOLDING COMPANY LIMITED		
i Liabilities/Transactions		
Proceeds from issue of equity shares	1,300,000,000	-
Outstanding equity share capital	4,400,000,000	-
C. FELLOW SUBSIDIARIES		
1 IDFC BANK LIMITED		
i Income		
Interest on Fixed deposits	2,718,466	-
ii Expense		
Shared services cost expense (*)	3,751,518	-
Arranger fees paid*	131,424	-
iii Assets/Transactions		
Purchase of fixed assets	198,088	-
Purchase of third party NCDs	1,088,259,724	-
Reimbursement of accrued interest on third party NCDs	4,073,375	-
Fixed deposits placed	2,635,500,000	-
Fixed deposits matured	1,614,500,000	-
Assignment of third party loans	1,252,092,044	-
Outstanding fixed deposits	1,021,000,000	-
Interest accrued on fixed deposits-balance outstanding	593,520	-
Balance in current account	1,503,731	-

NAME OF RELATED PARTY, NATURE OF RELATIONSHIP & PARTICULARS	AS AT	AS AT
	MARCH 31, 2016 ₹	MARCH 31, 2015 ₹
2 IDFC FOUNDATION		
i Expense		
Contribution towards corporate social responsibility (CSR)	376,924	-
3 IDFC ALTERNATIVES LIMITED		
Proceeds from issue of equity shares	-	1,430,000,000
4 IDFC FINANCE LIMITED		
Proceeds from issue of equity shares	-	150,000,000

(*) amounts exclude service tax expensed out in the statement of profit & Loss

25 In accordance with Accounting Standard 20 on 'Earnings Per Share' specified u/s 133 of Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014:

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2016	FOR THE YEAR ENDED MARCH 31, 2015
Profit after tax (₹)	371,021,517	45,192,163
Weighted average number of equity shares (Nos.)	379,371,585	201,413,699
Basic & diluted earnings per share (₹)	0.98	0.22
Nominal value per share (₹)	10	10

26 There are no contingent liabilities as at the end of current year and the previous year.

27 No amount is payable to 'Suppliers' registered under the Micro, Small and Medium Enterprises Development Act, 2006. No interest has been paid / payable by the Company during the year to the 'Suppliers' covered under the Micro, Small and Medium Enterprises Development Act, 2006.

The above information takes into account only those suppliers who have responded to inquiries made by the Company for this purpose.

28 The following additional information is disclosed in terms of the RBI circular (Ref. No. DNBR (PD) CC No. 043 / 03.10.119 / 2015-16 dated July 1, 2015) and RBI circular DNBR(PD) CC No. 053 / 03.10.119 / 2015-16:

(a) Capital to risk assets ratio (CRAR):

	AS AT MARCH 31, 2016	AS AT MARCH 31, 2015
i) CRAR (%)	43.05%	100.77%
ii) CRAR - Tier I Capital (%)	42.67%	100.77%
iii) CRAR - Tier II Capital (%)	0.38%	-
iv) Amount of Subordinated Debt considered as Tier-II Capital	-	-
v) Amount raised by issue of Perpetual Debt Instruments	-	-

(b) Details of Investments are set out below:

	AS AT MARCH 31, 2016 ₹	AS AT MARCH 31, 2015 ₹
1 VALUE OF INVESTMENTS		
(I) GROSS VALUE OF INVESTMENTS		
(a) In India	1,065,000,000	3,112,034,460
(b) Outside India	-	-
	(A) 1,065,000,000	3,112,034,460
(II) PROVISION FOR DEPRECIATION		
(a) In India	-	-
(b) Outside India	-	-
	(B) -	-
(III) NET VALUE OF INVESTMENTS		
(a) In India	1,065,000,000	3,112,034,460
(b) Outside India	-	-
	(A-B) 1,065,000,000	3,112,034,460

2 MOVEMENT OF PROVISIONS HELD TOWARDS DEPRECIATION ON INVESTMENTS.

(I) OPENING BALANCE	-	-
(II) ADD: PROVISIONS MADE DURING THE YEAR	-	-
(III) LESS: WRITE-OFFS/ WRITE-BACK OF EXCESS PROVISIONS DURING THE YEAR	-	-
(IV) CLOSING BALANCE	-	-

(c) Investor group wise classification of all investments (Current and Long Term) in shares and securities (both Quoted and Unquoted):

	AS AT MARCH 31, 2016		AS AT MARCH 31, 2015	
	MARKET VALUE/ BREAKUP VALUE / FAIR VALUE / NAV	BOOK VALUE NET OF PROVISION	MARKET VALUE/ BREAKUP VALUE / FAIR VALUE / NAV	BOOK VALUE NET OF PROVISION
1 Related parties	-	-	-	-
(a) Subsidiaries	-	-	-	-
(b) Companies in the same group	-	-	-	-
(c) Other related parties	-	-	-	-
2 Other than related parties	1,066,248,304	1,065,000,000	3,191,516,957	3,112,034,460
TOTAL	1,066,248,304	1,065,000,000	3,191,516,957	3,112,034,460

(d) Derivatives

The Company does not have any Interest Rate Swaps (IRS) and Forward Rate Agreements (FRA), Exchange Traded Interest Rate Derivatives (IR), Risk Exposure in Derivatives and hence the related disclosures are not applicable to the Company.

(e) Securitisation /Assignment

The Company has no transactions of Securitisation / Assignment in the current and in the previous year and hence the related disclosures are not applicable to the Company.

(f) Details of non-performing financial assets purchased/sold and accounts subjected to restructuring:

The Company has not undertaken any transactions for purchase/sale of NPA's in the current and in the previous year and hence the related disclosures are not applicable to the Company.

(g) Asset Liability Management Maturity pattern of certain items of assets and liabilities

Current year									
PARTICULARS	1 DAY TO 30/31 DAYS (ONE MONTH)	OVER ONE MONTH TO TWO MONTHS	OVER TWO MONTHS TO THREE MONTHS	OVER THREE MONTHS TO SIX MONTHS YEAR	OVER SIX MONTHS TO ONE YEARS	OVER ONE YEAR TO THREE YEARS	OVER THREE YEARS TO FIVE	OVER FIVE YEARS	TOTAL
Deposits	-	-	-	-	-	-	-	-	-
Advances (net)	98,717,741	21,441,804	52,850,410	207,128,781	373,967,147	1,719,115,845	1,678,605,478	7,865,760,836	12,017,588,042
Investments	1,065,000,000	-	-	-	-	-	-	-	1,065,000,000
Borrowings	-	-	-	-	-	-	7,050,000,000	1,030,000,000	8,080,000,000
Foreign Currency assets	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-
Previous year									
PARTICULARS	1 DAY TO 30/31 DAYS (ONE MONTH)	OVER ONE MONTH TO TWO MONTHS	OVER TWO MONTHS TO THREE MONTHS	OVER THREE MONTHS TO SIX MONTHS YEAR	OVER SIX MONTHS TO ONE YEARS	OVER ONE YEAR TO THREE YEARS	OVER THREE YEARS TO FIVE	OVER FIVE YEARS	TOTAL
Deposits	-	-	-	-	-	-	-	-	-
Investments	3,112,034,460	-	-	-	-	-	-	-	3,112,034,460
Borrowings	-	-	-	-	-	-	-	-	-
Foreign Currency assets	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-

In computing the above information, certain estimates, assumptions and adjustments have been made by the Management which have been relied upon by auditors.

(h) Exposures to real estate sector (Based on amounts sanctioned):

This disclosure is not applicable to the Company as there are no exposures, direct or indirect to real estate sector as at March 31, 2016 and as at March 31, 2015.

(i) Exposures to Capital Market

This disclosure is not applicable to the Company as there are no exposures to capital market as at March 31, 2016 and as at March 31, 2015.

(j) Details of Single Borrower Limit and Borrower Group Limit exceeded by the Company

During the years ended March 31, 2016 and March 31, 2015, the Company's credit exposure to single borrowers and group borrowers were within the limits prescribed by the RBI.

(k) Borrower group-wise classification of assets financed:

	₹	
	AS AT MARCH 31, 2016 NET OF PROVISION (*)	AS AT MARCH 31, 2015 NET OF PROVISION
1 RELATED PARTIES		
(a) Subsidiaries	-	-
(b) Companies in the same group	-	-
(c) Other related parties	-	-
2 OTHER THAN RELATED PARTIES	11,969,517,691	-
TOTAL	11,969,517,691	-

(*) Net of provision for standard assets

(l) Unsecured advances

The Company has not given any unsecured advances in the current year and in the previous year.

(m) Registration obtained from other financial regulators

The Company has not obtained registrations from other financial regulators.

(n) Penalties / fines imposed by the RBI

During the year ended March 31, 2016 there was no penalty imposed by the RBI and other regulators (Previous Year ₹ Nil).

(o) Provisions and Contingencies

	AS AT MARCH 31, 2016 ₹	AS AT MARCH 31, 2015 ₹
Break up of 'Provisions and Contingencies' shown under the head 'Expenses' in the Statement of Profit and Loss	-	-
Provisions for depreciation on Investment	-	-
Provision towards NPA	-	-
Provision made towards Income tax	-	12,215,300
Other Provision and Contingencies	-	-
Provision for Standard Assets	48,070,351	-
	48,070,351	12,215,300

(p) Drawdowns from Reserves

The Company has not undertaken any drawdown from reserves during the current year and previous year and hence the related disclosures are not applicable to the Company.

(q) Concentration of Advances

	AS AT MARCH 31, 2016 ₹	AS AT MARCH 31, 2015 ₹
Total Advances to twenty largest borrowers	12,004,098,958	-
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	99.9%	-

(r) Concentration of Exposures

	AS AT MARCH 31, 2016 ₹	AS AT MARCH 31, 2015 ₹
Total Exposure to twenty largest borrowers / customers	17,454,393,142	-
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	86.8%	-

(s) Concentration of Non Performing Assets (NPAs) /Sector wise NPAs/ Movement in NPAs

The Company did not have any NPAs in the current year and in the previous year and hence the related disclosures are not applicable to the Company.

(t) The information on Overseas Assets (for those with Joint Ventures and Subsidiaries abroad) is given below:

NAME OF THE JOINT VENTURE/ SUBSIDIARY	FOR THE YEAR ENDED MARCH 31, 2016		
	OTHER PARTNER IN THE JV	COUNTRY	TOTAL ASSETS
	Nil	Nil	Nil

NAME OF THE JOINT VENTURE/ SUBSIDIARY	FOR THE YEAR ENDED MARCH 31, 2015		
	OTHER PARTNER IN THE JV	COUNTRY	TOTAL ASSETS
	Nil	Nil	Nil

(u) The information on off balance sheet SPV sponsored (which are required to be consolidated as per accounting norms):

	FOR THE YEAR ENDED MARCH 31, 2016	FOR THE YEAR ENDED MARCH 31, 2015
	Nil	Nil

(v) Debenture holder' complaints :

(a) No. of complaints pending at the beginning of the year	Nil
(b) No. of complaints received during the year	Nil
(c) No. of complaints redressed during the year	Nil
(d) No. of complaints pending at the end of the year	Nil

The above information is certified by management and relied upon by the auditors.

29 The additional information required to be disclosed in terms of RBI circular (Ref. No. RBI/2009-2010/356/IDMD/4135/11.08.43/2009-10) dated March 23, 2010) is not applicable for the Company.

30 Ratings assigned by credit rating agencies and migration of ratings during the year

	AS AT MARCH 31, 2016		AS AT MARCH 31, 2015
(i) Name of the Rating Agency	Credit analysis & research Limited	ICRA Limited	Credit analysis & research Limited
(ii) Rating Assigned	AAA	AAA	AAA
(iii) Date of Rating	December 22, 2015	February 18, 2016	February 10, 2015
(iv) Rating Valid upto	December 21, 2016	February 17, 2017	August 09, 2015

The validity of the rating is subject to periodical revalidation by rating agencies.

31 There is no Debenture Redemption Reserve (DRR) created as the Non Banking Financial Companies registered with Reserve Bank of India are not required to create DRR for the privately placed debentures.

32 The Company is an Infra Debt Fund - Non Banking Finance Company (IDF - NBFC) registered with the Reserve Bank of India on September 22, 2014.

The income of the Company, being IDF-NBFC, is exempt under section 10(47) of the Income Tax Act, 1961, with effect from October, 2014.

33 The figures for previous year are not comparable due to substantial increase in business activities during the current year and have been regrouped wherever required.

For and on behalf of the Board of Directors of
IDFC Infra Debt Fund Limited

Vikram Limaye
Director

S S Kohli
Director

Sanjay Ajaonkar
Chief Financial Officer

Amol Ranade
Company Secretary

Mumbai | April 25, 2016