



# IDFC INFRASTRUCTURE FINANCE LIMITED

(Formerly known as IDFC Infra Debt Fund Limited)

**CIN** U67190MH2014PLC253944

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

**AUDITORS** Deloitte Haskins & Sells LLP  
Chartered Accountants

**PRINCIPAL  
BANKER** IDFC Bank Limited

**DEBENTURE  
TRUSTEE** 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 Fourth Annual Report together with the audited financial statements for the year ended March 31, 2017

## FINANCIAL HIGHLIGHTS

PARTICULARS	(AMOUNT IN ₹)	
	FOR THE YEAR ENDED MARCH 31, 2017	FOR THE YEAR ENDED MARCH 31, 2016
Total Income	2,069,320,213	749,855,908
Less: Total Expenses	1,360,905,156	378,834,391
Profit / (Loss) before Tax	708,415,057	371,021,517
Less: Provision for Tax	-	-
PROFIT / (LOSS) AFTER TAX	708,415,057	371,021,517

## 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.

## CHANGE OF NAME

Pursuant to the Shareholders' approval obtained at the extra ordinary general meeting held on January 4, 2017, the Name of the Company was changed from 'IDFC Infra Debt Fund Limited' to IDFC Infrastructure Finance Limited' with effect from January 10, 2017.

## DIVIDEND

The Directors do not recommend any dividend for the financial year ended March 31, 2017 as the Company has decided to reinvest its earnings.

## PERFORMANCE OF THE COMPANY

Company's business gained significant momentum in FY 2017, which was the first full year of its operations. Gross disbursements grew by 39% to ₹ 1,765 crore against ₹ 1,268 crore in the previous financial year. Loan book grew by 123% to ₹ 2,683 crore from ₹ 1,202 crore in FY 2016.

Profit After Tax (PAT) grew by 91% to ₹ 70.8 crore from ₹ 37.1 crore in FY 2016. The business delivered a healthy Return on Equity (RoE) of 11.5%.

The Company has steadily built a well diversified loan portfolio with exposures across PPP road projects with tripartite agreements as well as non-PPP projects in renewable power, transmission, healthcare, education, captive power and IT SEZs. The asset quality continues to be healthy.

The capitalisation of the company is comfortable with a Capital Adequacy Ratio of 28.2% as on March 31, 2017.

The Company raises resources through issue of bonds of minimum five years maturity. In FY 2017, the Reserve Bank of India (RBI) allowed Infrastructure Debt Fund - Non Bank Finance Companies (IDF-NBFCs) to borrow upto 10% of their total outstanding borrowings by way of shorter tenor bonds and commercial papers (CPs). The incremental funds raised by the Company in FY 2017 through bonds and CPs was ₹ 1,296 crore. All the bond issuances were rated AAA by credit rating agencies namely ICRA and CARE and CP issuance were rated A1+ by ICRA. These were subscribed to by a wide variety of investors, including insurance companies, provident funds, mutual funds amongst others. The total outstanding borrowings as at the end of March 31, 2017 was ₹ 2,104 crore.

## FUTURE OUTLOOK

The Company is well poised for growth and over the next few years the business is expected to gain further momentum. There have been sustained efforts by the Government to address the various issues faced by the infrastructure sector. With improvement in private sector investments in the country, a larger pool of operational projects will be available for refinancing.

The Company plans to steadily increase its loan book and maintain a balanced and 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.

## PARTICULARS OF EMPLOYEES

Your Company had 17 employees as on March 31, 2017.

Disclosures 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

## BOARD'S REPORT

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 01, 2016, IDFC Infrastructure Finance Limited had introduced Employee Stock Option Scheme ("the ESOS- 2016") to enable the employees of IDFC Infrastructure Finance 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 specified 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 section 134(3)(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 company's code of conduct. Head- Legal of the Company is the Whistle Officer for the purpose of this policy. The Whistle Committee established thereunder 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 ("AGM") of the Company held on September 26, 2016, Mr. S. S. Kohli and Mr. A K T Chari were appointed as Independent Directors and Ms. Ritu Anand was appointed as a Director.

During the year, Mr. Suresh Menon (DIN - 00737329) was appointed as an Additional Director under the category of Nominee Director of Investor (Housing Development Finance Corporation Limited) on November 18, 2016. The Company has received notice from a member of the Company under Section 160 of the Companies Act, 2013, proposing the appointment of Mr. Suresh Menon at the ensuing AGM. The Board of Directors recommend the appointment of Mr. Suresh Menon.

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.

Ms. Ritu Anand was recommended to be appointed as an Independent Director of the Company at its board meeting held on April 24, 2017. As per provisions of the section 149(6)(e) of the Companies Act, 2013 a person cannot be appointed as an Independent Director of the Company who holds the position of employee of the Company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year ("Cooling Period") in which he/she is proposed to be appointed. Since Cooling Period is over, Ms. Ritu Anand was recommended to be appointed as an Independent Director ("ID") of the Company w.e.f. April 24, 2017 by the Board of Directors of the Company. The Company has received notice from a member of the Company under Section 160 of the Companies Act, 2013, proposing the appointment of Ms. Ritu Anand at the ensuing AGM, The Board of Directors recommend the appointment of Ms. Ritu Anand.

As on March 31, 2017, Key Managerial Personnel were as follows:

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

As per the provisions of the Companies Act, 2013, Independent Directors are not liable to retire by rotation and the terms of appointment of Independent Directors will be governed by the provisions of Companies Act, 2013. The Company has received a declaration from IDs, at the time of their respective appointments and also at the first meeting of the Board of Directors held in the financial year, that they meet the criteria of independence specified under sub-section (6) and (7) of Section 149 of the Act, read with Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and that they shall abide by the "Code for Independent Directors" as per Schedule IV of the Act.

## BOARD'S REPORT

### BOARD

During the year, the Board met five (5) times on April 25, 2016, July 22, 2016, October 24, 2016, January 30, 2017 and March 21, 2017. 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 FY17 is given in the table below.

NAME OF THE DIRECTOR	DIN NO.	POSITION	NO. OF MEETINGS HELD IN FY 17	NO. OF MEETINGS ATTENDED IN FY 17
Mr. S. S. Kohli	00169907	Chairperson & Independent Director	5	5
Mr. AKT Chari	00746153	Independent Director	5	5
Ms. Ritu Anand*	05154174	Independent Director	5	4
Mr. Vikram Limaye	00488534	Non-Executive Director	5	5
Mr. Pavan Kaushal	07117387	Non-Executive Director	5	5
Mr. Suresh Menon**	00737329	Nominee Director of Investor	2	1

\* Appointed as an Independent Director w.e.f. April 24, 2017 (Previously Non-Executive Director)

\*\* Appointed as an Additional Director w.e.f. November 18, 2016

### AUDIT COMMITTEE

During the year, the Audit Committee met four (4) times on April 25, 2016, July 22, 2016, October 24, 2016 and January 30, 2017. 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 FY17 is given in the table below.

NAME OF THE DIRECTOR	DIN NO	POSITION	NO OF MEETINGS HELD IN FY 17	NO OF MEETING ATTENDED IN FY 17
Mr. S. S. Kohli	00169907	Chairperson & Independent Director	4	4
Mr. AKT Chari	00746153	Independent Director	4	4
Mr. Pavan Kaushal	07117387	Non-Executive Director	4	4

### CREDIT COMMITTEE

During the year, The Credit Committee met six (6) times on April 25, 2016, June 27, 2016, July 22, 2016, September 9, 2016, January 30, 2017 and March 21, 2017. The attendance details of the Credit Committee meetings held during FY17 is given in the table below:

NAME OF THE DIRECTOR	DIN NO	POSITION	NO OF MEETINGS HELD IN FY 17	NO OF MEETING ATTENDED IN FY 17
Mr. S. S. Kohli	00169907	Chairperson & Independent Director	6	6
Mr. AKT Chari	00746153	Independent Director	6	6
Mr. Vikram Limaye	00488534	Non-Executive Director	6	6
Mr. Pavan Kaushal	07117387	Non-Executive Director	6	6

### NOMINATION AND REMUNERATION COMMITTEE

During the year, The Nomination and Remuneration Committee met three (3) times on April 25, 2016, July 22, 2016 and March 21, 2017. The attendance details of the Nomination and Remuneration Committee meetings held during FY17 is given in the table below:

NAME OF THE DIRECTOR	DIN NO	POSITION	NO OF MEETINGS HELD IN FY 17	NO OF MEETING ATTENDED IN FY 17
Mr. AKT Chari	00746153	Chairperson & Independent Director	3	3
Mr. S. S. Kohli	00169907	Independent Director	3	3
Mr. Vikram Limaye	00488534	Non-Executive Director	3	3

### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

During the year, The Corporate Social Responsibility Committee met one (1) time on April 25, 2016. The attendance details of the Corporate Social Responsibility Committee held during FY17 is given in the table below:

NAME OF THE DIRECTOR	DIN NO	POSITION	NO OF MEETINGS HELD IN FY 17	NO OF MEETING ATTENDED IN FY 17
Mr. S. S. Kohli	00169907	Chairperson & Independent Director	1	1
Ms. Ritu Anand*	05154174	Independent Director	1	1
Mr. Vikram Limaye	00488534	Non-Executive Director	1	1

\* Appointed as an Independent Director w.e.f. April 24, 2017

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

## BOARD'S REPORT

### SEPARATE MEETING OF INDEPENDENT DIRECTORS

During the year, separate meeting of Independent Directors held one (1) time on April 25, 2016. The attendance details of the said meeting held during FY17 is given in the table below:

NAME OF THE DIRECTOR	DIN NO	POSITION	NO OF MEETINGS HELD IN FY 17	NO OF MEETING ATTENDED IN FY 17
Mr. S. S. Kohli	00169907	Independent Director	1	1
Mr. AKT Chari	00746153	Independent Director	1	1

### RISK COMMITTEE

During the year, The Risk Committee met one (1) time on October 24, 2016. The attendance details of the Risk Committee meetings held during FY17 is given in the table below:

NAME OF THE DIRECTOR	DIN NO	POSITION	NO OF MEETINGS HELD IN FY 17	NO OF MEETING ATTENDED IN FY 17
Mr. S. S. Kohli	00169907	Chairperson & Independent Director	1	1
Mr. AKT Chari	00746153	Independent Director	1	1
Mr. Vikram Limaye	00488534	Non-Executive Director	1	1
Mr. Pavan Kaushal	07117387	Non-Executive Director	1	1

### BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013, a detailed questionnaire was prepared and circulated to the Board for Annual evaluation. The Directors discussed and requested for some changes.

The Company is in the process of designing a simplified Questionnaire based on the inputs/views from some of the Independent Directors that would cover the essence of evaluation. For this purpose the Company may engage an External Agency to carry out the entire Annual Board Evaluation process independently. The said process is expected to be completed soon.

### REMUNERATION POLICY

The Board had 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.

### AUDITORS

The Shareholders of the Company at their meeting held on September 29, 2014 had approved the appointment of Deloitte Haskins & Sells LLP (DHS), Chartered Accountants, (Registration No. 117366W / W-100018) 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 for the 5 years. There were no qualifications, reservations or adverse remarks made by the Statutory Auditors in their report on the Financial Statements for FY17.

The Audit Committee and Board of Directors of the Company at their respective meetings held on April 24, 2017 have recommended the appointment of Price Waterhouse & Co, Chartered Accountants LLP (FRN 304026E/E300009) ("PWC") as the Statutory Auditors of the Company, in place of Deloitte Haskins & Sells, LLP, Chartered Accountants, for a period of five years from the conclusion of the 4<sup>th</sup> Annual General Meeting (AGM) of the Company to be held for FY 2017, subject to approval of the Shareholders of the Company at the ensuing AGM and subsequent ratification on annual basis. The Board of IDFC Limited, Holding Company also recommended appointing PWC as Statutory Auditors in all other group entities.

PWC have confirmed that their appointment, if made, would be in conformity with the provisions of Section 141 of the Companies Act, 2013 and have also indicated their willingness to be appointed.

The Resolution seeking approval of appointment of PWC is included in the Notice of the ensuing Annual General Meeting. The Board recommends the appointment of PWC, as the Statutory Auditors of the Company.

### SECRETARIAL AUDIT REPORT

Pursuant to section 204 of the Companies act, 2013 and the rules made thereunder, the company has appointed M/S. BNP & Associates, Company Secretaries in practice, as Secretarial Auditors of the Company to undertake Secretarial Audit of the Company for FY17. 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 FY17.

### RELATED PARTY TRANSACTIONS

In all related party transactions (RPTs) that were entered into during the financial year, an endeavour 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.

## BOARD'S REPORT

Pursuant to the provisions of Companies Act, 2013 and Rules made there under and in the back-drop of the Company's philosophy on such matters, on the recommendation of Audit Committee, the Board approved revised "Policy on Related Party Transactions" at its meeting held on October 24, 2016. 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.

### 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 Committee monitors and review Risk Management of the Company.

### 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.

### 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, 2017 till the date of this report.

### 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 Sexual Harassment (Prevention & Redressal). The Company undertakes ongoing trainings to create awareness on this policy. No instances of Sexual Harassment were reported during the period under review.

### DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that:

- (a) in the preparation of financial statements for the year ended March 31, 2017, 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 at March 31, 2017 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.

### 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**.

### ACKNOWLEDGEMENTS

The Directors express their gratitude for the unstinted support and guidance received from IDFC Financial Holding Company Limited and other group companies.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

#### S. S. KOHLI

Chairperson

Mumbai, May 10, 2017

# ANNEXURE I

## SECRETARIAL AUDIT REPORT

### FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017

[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 Infrastructure Finance Limited**

(formerly known as 'IDFC Infra Debt Fund Limited')

Naman Chambers C-32, G-Block,

Bandra - Kurla Complex, Bandra (East)

Mumbai 400 051.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **IDFC Infrastructure Finance Limited** (formerly known as 'IDFC Infra Debt Fund Limited') (hereinafter called 'the Company') for the audit period covering the financial year ended on March 31, 2017 ('the audit period'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period 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, 2017 according to the provisions of:

- i. The Companies Act, 2013 ('the Act') and the Rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 (SCRA) and the Rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. 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 (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client,
  - c. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
  - d. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulation, 2008.
- v. Other laws as applicable specifically to the Company:
  1. Infrastructure Debt Fund-Non-Banking Financial Companies (Reserve Bank) Directions, 2011;
  2. Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015;
  3. Non-Banking Financial Companies - Corporate Governance (Reserve Bank) Directions, 2015.

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

During the period under review, the Company has 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) 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;
- ii) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"):
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - c. The Securities and Exchange Board of India (Share based Employee benefits) Regulations, 2014;
  - d. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
  - e. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

## ANNEXURE I

### SECRETARIAL AUDIT REPORT

#### We further report that -

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

Adequate 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 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. Allotted 2090 Secured Non-Convertible Debentures (NCDs) of ₹ 10,00,000/- each, aggregating to ₹ 2090,000,000/- (Rupees Two Hundred & Nine Crore only), on July 13, 2016 on Private Placement basis.
2. Allotted 1410 Secured Non-Convertible Debentures (NCDs) of ₹ 10,00,000/- each, aggregating to ₹ 1410,000,000/- (Rupees One Hundred & Forty One Crore only), on August 8, 2016 on Private Placement basis.
3. Allotted 1360 Secured Non-Convertible Debentures (NCDs) of ₹ 10,00,000/- each, aggregating to ₹ 1360,000,000/- (Rupees One Hundred & Thirty Six Crore only), on August 25, 2016 on Private Placement basis.
4. Allotted 250 Secured Non-Convertible Debentures (NCDs) of ₹ 10,00,000/- each, aggregating to ₹ 250,000,000/- (Rupees Twenty Five Crore only), on September 1, 2016 on Private Placement basis.
5. Allotted 2550 Secured Non-Convertible Debentures (NCDs) of ₹ 10,00,000/- each, aggregating to ₹ 2550,000,000/- (Rupees Two Hundred & Fifty Five Crore only), on September 22, 2016 on Private Placement basis.
6. Allotted 250 Secured Non-Convertible Debentures (NCDs) of ₹ 10,00,000/- each, aggregating to ₹ 250,000,000/- (Rupees Twenty Five Crore only), on November 11, 2016 on Private Placement basis.
7. Allotted 600 Secured Non-Convertible Debentures (NCDs) of ₹ 10,00,000/- each, aggregating to ₹ 600,000,000/- (Rupees Sixty Crore only), on November 25, 2016 on Private Placement basis.
8. Allotted 250 Secured Non-Convertible Debentures (NCDs) of ₹ 10,00,000/- each, aggregating to ₹ 250,000,000/- (Rupees Twenty Five Crore only), on December 2, 2016 on Private Placement basis.
9. Allotted 1500 Secured Non-Convertible Debentures (NCDs) of ₹ 10,00,000/- each, aggregating to ₹ 1500,000,000/- (Rupees One Hundred & Fifty Crore only), on January 27, 2017 on Private Placement basis.
10. Allotted 810 Secured Non-Convertible Debentures (NCDs) of ₹ 10,00,000/- each, aggregating to ₹ 810,000,000/- (Rupees Eighty One Crore only), on March 17, 2017 on Private Placement basis.

#### For BNP & Associates

Company Secretaries

#### Keyoor Bakshi

Partner

FCS No. 1844 / COP No. 2720

Mumbai, April 24, 2017



# ANNEXURE I

## SECRETARIAL AUDIT REPORT

### ANNEXURE I TO THE SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017

To,  
The Members,  
**IDFC Infrastructure Finance Limited**  
(formerly known as 'IDFC Infra Debt Fund Limited')

Our Secretarial Audit Report of even date is to be read along with this letter.

1. The compliance of provisions of all laws, rules, regulations, standards applicable to **IDFC Infrastructure Finance Limited** (the 'Company') is the responsibility of the management of the Company. Our examination was limited to the verification of records and procedures on test check basis for the purpose of issue of the Secretarial Audit Report.
2. Maintenance of secretarial and other records of applicable laws is the responsibility of the management of the Company. Our responsibility is to issue Secretarial Audit Report, based on the audit of the relevant records maintained and furnished to us by the Company, along with explanations where so required.
3. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial and other legal records, legal compliance mechanism and corporate conduct. The verification was done on test check basis to ensure that correct facts as reflected in secretarial and other records produced to us. We believe that the processes and practices we followed, provides a reasonable basis for our opinion for the purpose of issue of the Secretarial Audit Report.
4. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
5. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and major events during the audit period.
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

**Keyoor Bakshi**  
Partner  
FCS No. 1844 / COP No. 2720

Mumbai, April 24, 2017

## ANNEXURE II

### FORM NO. MGT-9 EXTRACT OF ANNUAL RETURN

As on the financial year ended on March 31, 2017

[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 INFRASTRUCTURE FINANCE LIMITED (Formerly known as 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	Link Intime India Pvt. Ltd.* C 101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai - 400 083. Contact No. +91 22 4918 6000.

\*Link Intime India Pvt Ltd. provides connectivity services with depositories for the equity shares of the Company. During FY 17, Registrar and Transfer Agent was changed from Sharepro Services (India) Pvt Ltd to Link Intime India Pvt Ltd.

#### 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 Infrastructure 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	81.48%	Section 2(46)
2.	IDFC Financial Holding Company Limited	U65900TN2014PLC097942	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	
<b>A. Promoters</b>									
(1) Indian									
a) Bodies Corp.	439,999,994	6	440,000,000	81.48	439,999,994	6	440,000,000	81.48	NIL
Sub-total (A) (1):-	439,999,994	6	440,000,000	81.48	439,999,994	6	440,000,000	81.48	NIL
(2) Foreign	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub-total (A) (2):-	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total shareholding of Promoter (A) = (A)(1)+(A)( 2)	439,999,994	6	440,000,000	81.48	439,999,994	6	440,000,000	81.48	NIL

## 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	
<b>B. Public Shareholding</b>	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
<b>1. Institutions</b>									
a) Banks/FI	60,000,000	NIL	60,000,000	11.11	60,000,000	NIL	60,000,000	11.11	NIL
b) Insurance Companies	40,000,000	NIL	40,000,000	7.41	40,000,000	NIL	40,000,000	7.41	NIL
<b>Sub-total (B)(1):-</b>	<b>100,000,000</b>	<b>NIL</b>	<b>100,000,000</b>	<b>18.52</b>	<b>100,000,000</b>	<b>NIL</b>	<b>100,000,000</b>	<b>18.52</b>	<b>NIL</b>
<b>2. Non-Institutions</b>									
<b>Sub-total (B)(2):-</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
<b>Total Public Shareholding (B) = (B)(1) + (B)(2)</b>	<b>100,000,000</b>	<b>NIL</b>	<b>100,000,000</b>	<b>18.52</b>	<b>100,000,000</b>	<b>NIL</b>	<b>100,000,000</b>	<b>18.52</b>	<b>NIL</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
<b>Grand Total (A+B+C)</b>	<b>539,999,994</b>	<b>6</b>	<b>540,000,000</b>	<b>100</b>	<b>539,999,994</b>	<b>6</b>	<b>540,000,000</b>	<b>100</b>	

#### (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 Financial Holding Company Limited	440,000,000	81.48	NIL	440,000,000	81.48	NIL	NIL
<b>TOTAL</b>		<b>440,000,000</b>	<b>81.48</b>	<b>NIL</b>	<b>440,000,000</b>	<b>81.48</b>	<b>NIL</b>	<b>NIL</b>

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

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

SR NO.	NAME OF SHAREHOLDERS*	SHAREHOLDING AT THE BEGINNING OF THE YEAR		CHANGES IN THE SHAREHOLDING DURING THE YEAR		CUMULATIVE SHAREHOLDING AT THE END OF THE YEAR	
		NO OF SHARES	% OF TOTAL SHARES OF THE CO	INCREASE	DECREASE	NO OF SHARES	% OF TOTAL SHARES OF THE CO
1	Housing Development Finance Corporation Limited	60,000,000	11.11	-	-	60,000,000	11.11
2	SBI Life Insurance Company Limited	40,000,000	7.41	-	-	40,000,000	7.41

#### (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
<b>Indebtedness at the beginning of the financial year</b>	8,303,170,669	-	-	8,303,170,669
i) Principal Amount	8,080,000,000	-	-	8,080,000,000
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	223,170,669	-	-	223,170,669
<b>TOTAL (I+II+III)</b>	<b>830,31,70,669</b>	<b>-</b>	<b>-</b>	<b>8,303,170,669</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition	11,515,798,891	2,900,000,000	-	14,415,798,891
• Reduction	-	1,000,000,000	-	1,000,000,000
Net Change	11,515,798,891	1,900,000,000	-	13,415,798,891
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	1915,00,00,000	190,00,00,000	-	21,050,000,000
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	668,969,560	-	-	668,969,560
<b>TOTAL (I+II+III)</b>	<b>19,818,969,560</b>	<b>1,900,000,000</b>	<b>-</b>	<b>21,718,969,560</b>

## ANNEXURE II

### FORM NO. MGT-9 EXTRACT OF ANNUAL RETURN

#### 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
		S S KOHLI	AKT CHARI	RITU ANAND	SURESH MENON	VIKRAM LIMAYE	PAVAN KAUSHAL	
<b>1. Independent Directors</b>								
	Fee for attending board committee meetings	525,000	500,000	-	-	-	-	1,025,000
	Commission	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-
	<b>TOTAL (1)</b>	<b>525,000</b>	<b>500,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,025,000</b>
<b>2. Other Non-Executive Directors</b>								
	Fee for attending board committee meetings	-	-	125,000	25,000	-	-	150,000
	Commission	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-
	<b>TOTAL (2)</b>	<b>-</b>	<b>-</b>	<b>125,000</b>	<b>25,000</b>	<b>-</b>	<b>-</b>	<b>150,000</b>
	<b>TOTAL (B) = (1 + 2)</b>	<b>525,000</b>	<b>500,000</b>	<b>125,000</b>	<b>25,000</b>	<b>-</b>	<b>-</b>	<b>1,175,000</b>
	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	CFO	CS	
<b>1. Gross salary</b>					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	23,252,751	7,220,045	2,812,450	33,285,246
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	39,600	-	11,466	51,066
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-
<b>2. Stock Option</b>		-	-	-	-
<b>3. Sweat Equity</b>		-	-	-	-
<b>4. Commission</b>					
	- as % of profit	-	-	-	-
	- others, specify...	-	-	-	-
<b>5. Contribution to Provident &amp; Other Funds</b>		25,52,181	667,596	177,278	3,397,055
	<b>TOTAL (A)</b>	<b>25,844,532</b>	<b>7,887,641</b>	<b>3,001,194</b>	<b>36,733,367</b>

#### 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. **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 Infrastructure Finance Ltd. to mandatorily spend on CSR.

During the year, IDFC Infrastructure Finance Ltd. 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 development projects
- (c) promoting healthcare including preventive health care
- (d) education
- (e) community engagement/development
- (f) environmental sustainability
- (g) disaster relief
- (h) research and studies in all or any of the activities mentioned in Schedule VII and
- (i) Others

2. **The Composition of the CSR Committee:**

Mr. S. S. Kohli

Ms. Ritu Anand

Mr. Vikram Limaye

3. **Average net profit of the company for last three financial years** ₹ 1585.43 Lac

4. **Prescribed CSR Expenditure (2% of the amount as in item 3. above)** ₹ 31.71 Lac

5. **Details of CSR spent during the financial year.**

- a) Total amount to be spent for the financial year: ₹ 31.71 Lac
- b) Amount spent during the year: ₹ 31.71 Lac
- c) Amount unspent, if any; Nil
- d) Manner in which the amount spent during the financial year is detailed below: **Annexure - A**

6. **In case the Company has failed to spend 2% of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report:** Not Applicable

7. **The CSR Committee of the Company hereby confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.**

For IDFC Infrastructure Finance Ltd.

Place : Mumbai  
Date : May 10, 2017

Vikram Limaye  
Director

S. S. Kohli  
Chairperson - CSR Committee

# ANNEXURE A

## 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 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
3	Promoting Digital Literacy amongst School Students to enable access to universal knowledge, quality education, healthcare, transparent governance and economic opportunities.	Cl.(ii) promoting education
4	Support towards strengthening and improving the quality of life in Indian cities and towns.	Cl.(ii) promoting education Cl.(ii) livelihood enhancement projects,
5	Improvement of infrastructure facilities at Anganwadi centre and Primary Schools at Sanghakheda Kalan Village	Cl.(ii) promoting education
<b>Total</b>		
6	Providing economic and affordable service delivery on water and sanitation to the community.	Cl.(i) Sanitation & Safe Drinking water
7	Support for affordable and accessible healthcare services.	Cl.(i) promoting health care including preventive health care
8	Support for elimination of Open Defecation and achieving Open Defecation Free Status in Machlipatnam division of Krishna District	Cl.(i) Sanitation
<b>Total</b>		
9	Cattle Care program for breed improvement by providing services such as Artificial Insemination (AI) & other Veterinary Services to enhance the livelihoods of small and marginal farming families in rural districts	Cl.(ii) livelihood enhancement projects,
10	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.
11	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,
12	Support on improving the competitiveness of Indian economy through jobs and livelihood creation.	Cl.(ii) livelihood enhancement projects,
13	Financial inclusion through channelizing Interoperable Micro ATMs Network to improve access to basic banking & payments network services after providing financial literacy and digital skilling program under Rural Livelihoods & Development Program	Cl.(ii) livelihood enhancement projects; Cl.(x) rural development projects.
<b>Total</b>		
14	Research & studies on various programmes	Various clauses of Schedule VII
<b>Total</b>		
<b>Total Direct Expense of Project &amp; Programmes (A)</b>		
<b>Overhead Expense (B)</b>		
<b>Total (A) + (B)</b>		

\*IDFC Foundation, a wholly owned subsidiary of the IDFC Limited, is an implementing agency of IDFC Limited and its group Companies and engaging Corporate Social Responsibility (CSR) activities as per the CSR policy adopted by IDFC & its group companies in line with the Schedule VII of the Companies Act, 2013.

The Company is primarily focussing on CSR activities as well defined projects or programmes that would include promoting and development of (a) livelihoods, (b) rural development projects, (c) promoting healthcare including preventive health care, (d) education, (e) community engagement/development, (f) environmental sustainability, (g) disaster relief, (h) research and studies in all or any of the activities mentioned in Schedule VII and (i) Others, with the help of various partners.

(4) PROJECTS OR PROGRAMS (1) LOCAL AREA OR OTHER (2) SPECIFY THE STATE AND DISTRICT WHERE PROJECTS OR PROGRAMS WAS UNDERTAKEN	(5) AMOUNT OUTLAY (BUDGET)	(6) AMOUNT SPENT ON THE PROJECTS OR PROGRAMS SUB HEADS: (1) DIRECT EXPENDITURE ON PROJECTS OR PROGRAMS (2) OVER HEADS	(7) CUMULATIVE EXPENDITURE UP TO THE REPORTING PERIOD	(8) AMOUNT SPENT: DIRECT OR THROUGH IMPLEMENTING AGENCY
Maharashtra-Mumbai		0.34	0.46	IMPLEMENTING AGENCY - IDFC FOUNDATION*
Rajasthan - Alwar		0.46	0.63	
Madhya Pradesh - Hoshangabad		0.20	0.34	
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	7.79	0.29	0.38	
Madhya Pradesh - Hoshangabad		0.11	0.15	
	<b>7.79</b>	<b>1.40</b>	<b>1.96</b>	
Odisha		0.16	0.16	
All India coverage		0.24	0.24	
	8.90			
Andhra Pradesh - Krishna district		1.09	1.09	
	<b>8.90</b>	<b>1.49</b>	<b>1.49</b>	
Madhya Pradesh - Hoshangabad, Harda, Khandwa, Khargone,Dhar, Bhopal, Raisen, Dewas and Indore		1.11	1.25	
Karnataka-Hubbali (Dharwad), Haveri, Koppal, Bagalkot, Belgaavi				
Meghalaya - Across State		0.10	0.21	
Uttarakhand - Almora	7.65	0.10	0.17	
All India coverage		0.16	0.16	
Rural India coverage		0.88	0.88	
	<b>7.65</b>	<b>2.35</b>	<b>2.67</b>	
All India coverage	7.37	3.54	4.15	
	<b>7.37</b>	<b>3.54</b>	<b>4.15</b>	
		<b>8.78</b>	<b>10.27</b>	
		<b>0.21</b>	<b>0.39</b>	
	<b>31.71</b>	<b>8.99</b>	<b>10.66</b>	

# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF IDFC INFRASTRUCTURE FINANCE LIMITED (FORMERLY KNOWN AS IDFC INFRA DEBT FUND LIMITED)

### Report on the Financial Statements

We have audited the accompanying financial statements of **IDFC INFRASTRUCTURE FINANCE LIMITED** (FORMERLY KNOWN AS IDFC INFRA DEBT FUND LIMITED) ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and 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.

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.

In conducting 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.

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 obtained by us 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, 2017, 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, based on our audit we report, to the extent applicable, 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.
  - e) On the basis of the written representations received from the directors as at March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as at March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.



## INDEPENDENT AUDITOR'S REPORT

- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company 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.
  - 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, as amended, 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.
    - iv. The Company did not have any holdings or dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the November 8, 2016 of the Ministry of Finance, during the period from November 8, 2016 to December 30, 2016.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order" / "CARO 2016") 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 24, 2017

## **ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT**

**(Referred to in paragraph 1 (f) under ‘Report on Other Legal and Regulatory Requirements’ section of the auditor’s 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 INFRASTRUCTURE FINANCE LIMITED (FORMERLY KNOWN AS IDFC INFRA DEBT FUND LIMITED)** (“the Company”) as of March 31, 2017 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, 2017, 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 24, 2017

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

(Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of auditor’s 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 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 CARO 2016 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 generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees’ State Insurance, Income-tax, Service Tax, cess and other material statutory dues applicable to it to the appropriate authorities.
  - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees’ State Insurance, Income-tax, Service Tax, cess and other material statutory dues in arrears as at March 31, 2017 for a period of more than six months from the date they became payable.
  - (c) There are no dues of Provident Fund, Employees’ State Insurance, Income-tax, Service Tax, cess and other material statutory dues which have not been deposited as on March 31, 2017 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 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 is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 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) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company
- (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 persons connected with him 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 24, 2017

# BALANCE SHEET

AS AT MARCH 31, 2017

	NOTES	AS AT MARCH 31, 2017 ₹	AS AT MARCH 31, 2016 ₹
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
(a) Share capital	3	5,400,000,000	5,400,000,000
(b) Reserves and surplus	4	1,123,703,988	415,288,931
		6,523,703,988	5,815,288,931
<b>Non Current liabilities</b>			
(a) Long-term borrowings	5	19,150,000,000	8,080,000,000
(b) Long-term provisions	6	107,313,061	48,070,351
		19,257,313,061	8,128,070,351
<b>Current liabilities</b>			
(a) Short-term borrowings	7	1,886,852,790	-
(b) Trade payables			
(i) Total outstanding dues of micro enterprises and small enterprises	8	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	8	30,333,192	43,455,611
(c) Other current liabilities	9	672,162,179	229,323,399
		2,589,348,161	272,779,010
<b>TOTAL</b>		<b>28,370,365,210</b>	<b>14,216,138,292</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Fixed assets			
Tangible assets	10	5,174,229	4,947,982
(b) Long term loans and advances			
(i) Loans	11	25,675,430,418	11,263,482,159
(ii) Others	12	173,647,462	60,373,978
		25,854,252,109	11,328,804,119
<b>Current assets</b>			
(a) Current investments	13	1,252,772,423	1,065,000,000
(b) Cash and cash equivalents	14	32,193,364	1,022,659,003
(c) Short-term loans and advances			
(i) Loans	11	1,152,834,987	754,105,883
(ii) Others	15	6,152,084	2,461,322
(d) Other current assets	16	72,160,243	43,107,965
		2,516,113,101	2,887,334,173
<b>TOTAL</b>		<b>28,370,365,210</b>	<b>14,216,138,292</b>

See accompanying notes forming part of the financial statements (See notes 1 to 37)

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 Infrastructure Finance Limited**  
(Formerly IDFC Infra Debt Fund Limited)

**Pallavi A. Gorakshakar**  
Partner

**Vikram Limaye**  
Director

**S. S. Kohli**  
Chairperson

Mumbai | April 24, 2017

**Sanjay Ajgaonkar**  
Chief Financial Officer

**Amol Ranade**  
Company Secretary

# STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2017

		FOR THE YEAR ENDED MARCH 31, 2017	FOR THE YEAR ENDED MARCH 31, 2016
	NOTES	₹	₹
<b>I INCOME</b>			
Revenue from operations	17	2,069,320,213	749,855,908
<b>TOTAL INCOME (I)</b>		<b>2,069,320,213</b>	<b>749,855,908</b>
<b>II EXPENSES</b>			
Employee benefits expense	18	76,261,455	84,050,738
Finance Costs	19	1,194,204,987	232,242,543
Provisions and contingencies	20	59,242,710	48,070,351
Other expenses	21	29,025,614	12,879,230
Depreciation	10	2,170,390	1,591,529
<b>TOTAL EXPENSES (II)</b>		<b>1,360,905,156</b>	<b>378,834,391</b>
<b>III PROFIT BEFORE TAX (I - II)</b>		<b>708,415,057</b>	<b>371,021,517</b>
<b>IV TAX EXPENSE</b>	34	-	-
<b>V PROFIT FOR THE YEAR (III - IV)</b>		<b>708,415,057</b>	<b>371,021,517</b>
Earnings per equity share (nominal value of share ₹ 10 each)	25		
Basic (₹)		1.31	0.98
Diluted (₹)		1.30	0.98

See accompanying notes forming part of the financial statements (See notes 1 to 37)

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 Infrastructure Finance Limited**  
(Formerly IDFC Infra Debt Fund Limited)

**Pallavi A. Gorakshakar**  
Partner

**Vikram Limaye**  
Director

**S. S. Kohli**  
Chairperson

Mumbai | April 24, 2017

**Sanjay Ajgaonkar**  
Chief Financial Officer

**Amol Ranade**  
Company Secretary

# CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2017

	NOTES	FOR THE YEAR ENDED	FOR THE YEAR ENDED
		MARCH 31, 2017	MARCH 31, 2016
		₹	₹
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before tax		708,415,057	371,021,517
<b>Adjustments for</b>			
Depreciation	10	2,170,390	1,591,529
Provision for contingencies	20	59,242,710	48,070,351
Interest expense	19 (i)	1,180,469,281	223,170,669
Interest income	17 (a)	(1,863,425,300)	(475,484,935)
Profit on sale of current investments	17	(143,426,862)	(249,594,769)
Interest received		1,834,373,022	432,376,970
Operating profit before working capital changes		1,777,818,298	351,151,332
<b>Changes in working capital:</b>			
<b>Adjustment for (increase) / decrease in operating assets / other current assets</b>			
Short term loans & advances		(3,690,762)	1,122,652
<b>Adjustment for increase / (decrease) in operating liabilities</b>			
Trade payables		(13,122,419)	43,330,577
Other current liabilities		(2,960,111)	6,139,730
<b>CASH GENERATED FROM OPERATIONS</b>		<b>1,758,045,006</b>	<b>401,744,291</b>
Purchase of current investments		(36,611,537,866)	(14,752,600,001)
Sale proceeds of current investments		36,567,192,305	17,049,229,230
Infrastructure Loans disbursed (net of repayments)		(14,810,677,363)	(12,017,588,042)
Direct taxes paid (net of refund)		(113,273,484)	(37,175,709)
<b>NET CASH USED IN OPERATING ACTIVITIES (A)</b>		<b>(13,210,251,402)</b>	<b>(9,356,390,231)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of fixed assets	10	(2,396,637)	(2,024,067)
<b>NET CASH USED IN INVESTING ACTIVITIES (B)</b>		<b>(2,396,637)</b>	<b>(2,024,067)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of Share Capital		-	2,300,000,000
Proceeds from long term Borrowings		11,070,000,000	8,080,000,000
Proceeds from short term Borrowings		3,100,000,000	-
Repayment of short term Borrowings		(1,200,000,000)	-
Interest paid on Borrowings		(747,817,600)	-
<b>NET CASH FROM FINANCING ACTIVITIES (C)</b>		<b>12,222,182,400</b>	<b>10,380,000,000</b>
<b>NET (DECREASE) / INCREASE IN CASH &amp; CASH EQUIVALENTS (A+B+C)</b>		<b>(990,465,639)</b>	<b>1,021,585,702</b>
Cash and cash equivalents as at the beginning of the year	14	1,022,659,003	1,073,301
Cash and cash equivalents as at the end of the year	14	32,193,364	1,022,659,003
		<b>(990,465,639)</b>	<b>1,021,585,702</b>

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 Infrastructure Finance Limited**  
(Formerly IDFC Infra Debt Fund Limited)

**Pallavi A. Gorakshakar**  
Partner

**Vikram Limaye**  
Director

**S. S. Kohli**  
Chairperson

Mumbai | April 24, 2017

**Sanjay Ajgaonkar**  
Chief Financial Officer

**Amol Ranade**  
Company Secretary

**01 BACKGROUND**

IDFC Infra Debt Fund Limited ('the Company') is a public limited company, incorporated in India on March 7, 2014. The Company has received a Non-Banking Financial Company (NBFC) license from Reserve Bank of India (RBI) on September 22, 2014. The name of the Company has been changed to IDFC Infrastructure Finance Limited with effect from January 10, 2017. The object of the Company is to undertake infrastructure debt fund activities i.e. 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 ("the 2013 Act") and the relevant provisions of 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 any revisions or the differences between the actual results and the estimates are recognised in the current and future periods.

**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, being in the nature of recovery of costs, 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



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

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 RBI as Infrastructure Debt Fund Non - Banking Financial Company (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 0.35% in accordance with the 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. DERIVATIVE CONTRACTS

#### Interest rate swaps

Interest rate swaps are booked with the objective of managing the interest rate risk on liabilities. Interest rate swaps in the nature of hedge are recorded on accrual basis and these transactions are not marked-to-market. Any resultant profit or loss on termination of the hedge swaps is amortised over the life of the swap or underlying liability, whichever is shorter.

### S. 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.

### T. 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.

### U. 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, 2017		AS AT MARCH 31, 2016	
	NUMBER	₹	NUMBER	₹
<b>Authorised shares</b>				
Equity shares of ₹ 10 each	800,000,000	8,000,000,000	800,000,000	8,000,000,000
<b>Issued, subscribed &amp; fully paid-up shares</b>				
Equity shares of ₹ 10 each	540,000,000	5,400,000,000	540,000,000	5,400,000,000
(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)				
<b>TOTAL</b>		<b>5,400,000,000</b>		<b>5,400,000,000</b>

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

	AS AT MARCH 31, 2017		AS AT MARCH 31, 2016	
	NUMBER	₹	NUMBER	₹
Outstanding at the beginning of the year	540,000,000	5,400,000,000	310,000,000	3,100,000,000
Issued during the year (see note 24)	-	-	230,000,000	2,300,000,000
<b>OUTSTANDING AT THE END OF THE YEAR</b>	<b>540,000,000</b>	<b>5,400,000,000</b>	<b>540,000,000</b>	<b>5,400,000,000</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

### (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.

The dividend proposed by the Board of Directors is subject to the approval of shareholders at the ensuing Annual General Meeting, except in case of interim dividend. Such dividend is not recognised as a liability at the Balance Sheet date as per the provisions of revised Accounting Standards 4.

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

EQUITY SHARES	AS AT MARCH 31, 2017		AS AT MARCH 31, 2016	
	NUMBER	% OF HOLDING	NUMBER	% OF HOLDING
IDFC Financial Holding Company Limited and its nominees	440,000,000	81.48%	440,000,000	81.48%
Housing Development Finance Corporation Limited	60,000,000	11.11%	60,000,000	11.11%
SBI Life Insurance Company Limited	40,000,000	7.41%	40,000,000	7.41%

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

	FOR THE YEAR ENDED	FOR THE YEAR ENDED
	MARCH 31, 2017	MARCH 31, 2016
	NUMBER	NUMBER
Outstanding as at beginning of the year	3,901,000	-
Add: Granted during the year	2,542,000	3,901,000
Less: Exercised during the year	-	-
Less: Lapsed / forfeited during the year	-	-
<b>OUTSTANDING AS AT THE END OF THE YEAR</b>	<b>6,443,000</b>	<b>3,901,000</b>

## 04 RESERVES AND SURPLUS (REFER NOTE 32)

	AS AT	AS AT
	MARCH 31, 2017	MARCH 31, 2016
	₹	₹
<b>(a) Special Reserve u/s. 45-IC of RBI Act, 1934</b>		
Opening balance	84,040,000	9,040,000
Add : Transferred from surplus in Statement of Profit and Loss	142,000,000	75,000,000
<b>CLOSING BALANCE</b>	<b>226,040,000</b>	<b>84,040,000</b>
<b>(b) Surplus in the Statement of Profit and Loss</b>		
Opening balance	331,248,931	35,227,414
Profit for the year	708,415,057	371,021,517
Less: Transfer to Special Reserve u/s. 45-IC of RBI Act, 1934	142,000,000	75,000,000
<b>CLOSING BALANCE</b>	<b>897,663,988</b>	<b>331,248,931</b>
<b>TOTAL RESERVES AND SURPLUS</b>	<b>1,123,703,988</b>	<b>415,288,931</b>

## 05 LONG-TERM BORROWINGS

	AS AT MARCH 31, 2017		AS AT MARCH 31, 2016	
	NON-CURRENT	CURRENT	NON-CURRENT	CURRENT
Debentures (non convertible) (secured)	19,150,000,000	-	8,080,000,000	-
[see note (a), (b), (c) below & note 24]				
<b>TOTAL LONG-TERM BORROWINGS</b>	<b>19,150,000,000</b>	<b>-</b>	<b>8,080,000,000</b>	<b>-</b>

(a) The above borrowings are secured by way of mortgage of freehold land and 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 of the IDFC group and lien marked assets.

(b) In terms of the RBI circular (Ref No. DNBR.PD.008 / 03.10.119 / 2016-17 dated September 1, 2016) no borrowings remained overdue as on March 31, 2017. (Previous Year ₹ Nil).

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

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

RESIDUAL MATURITY	AS AT MARCH 31, 2017		AS AT MARCH 31, 2016	
	BALANCE OUTSTANDING	INTEREST RATE(%)	BALANCE OUTSTANDING	INTEREST RATE(%)
Fixed Rate				
Above 5 years	2,310,000,000	8 to 8.25	1,030,000,000	8.88
3-5 years	16,840,000,000	7.35 to 8.88	7,050,000,000	8.55 to 8.85
1-3 years	-	-	-	-
<b>TOTAL</b>	<b>19,150,000,000</b>		<b>8,080,000,000</b>	

### 06 LONG-TERM PROVISIONS

	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
	₹	₹
Contingent provision against standard assets [see note (a) & (b) below]	107,313,061	48,070,351
	<b>107,313,061</b>	<b>48,070,351</b>

(a) A contingent provision against standard assets has been created at 0.40% of the outstanding standard assets as against 0.35% required in terms of the RBI circular (Ref. No. DNBR.PD.008 / O3.10.119 / 2016-17 dated September 1, 2016).

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

	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
	₹	₹
Opening balance	48,070,351	-
Additions during the year	59,242,710	48,070,351
<b>CLOSING BALANCE</b>	<b>107,313,061</b>	<b>48,070,351</b>

### 07 SHORT-TERM BORROWINGS

	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
	₹	₹
<b>Commercial papers (unsecured)</b>		
Face value	1,900,000,000	-
Less: Unexpired discount [see note (a) below]	13,147,210	-
	<b>1,886,852,790</b>	<b>-</b>

(a) Unexpired discount on commercial papers is net of ₹ 14,247,190 (Previous Year ₹ Nil) towards interest accrued but not due.

### 08 TRADE PAYABLES

	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
	₹	₹
Total outstanding dues of micro enterprises and small enterprises (see note 28)	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	990,818	1,094,925
Provision for expenses	29,342,374	42,360,686
<b>TOTAL</b>	<b>30,333,192</b>	<b>43,455,611</b>

### 09 OTHER CURRENT LIABILITIES

	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
	₹	₹
Interest accrued but not due on borrowings	668,969,560	223,170,669
Statutory dues	2,604,190	2,348,906
Payable to Gratuity Fund	-	3,513,934
Payable to NPS / Superannuation fund	209,986	28,904
Other liabilities	378,443	260,986
<b>TOTAL</b>	<b>672,162,179</b>	<b>229,323,399</b>

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

## 10 TANGIBLE ASSETS (SEE NOTE 24)

	GROSS BLOCK			ACCUMULATED DEPRECIATION				NET BLOCK		
	BALANCE AS AT APRIL 1, 2016	ADDITIONS	DISPOSALS	BALANCE AS AT MARCH 31, 2017	BALANCE AS AT APRIL 1, 2016	DEPRECIATION CHARGE FOR THE YEAR	ON DISPOSALS	BALANCE AS AT MARCH 31, 2017	BALANCE AS AT MARCH 31, 2017	BALANCE AS AT MARCH 31, 2016
	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)
Freehold Land (refer note below)	382,500	-	-	382,500	-	-	-	-	382,500	382,500
(Previous year)	-	(382,500)	-	(382,500)	-	-	-	-	(382,500)	-
Vehicles (owned)	6,182,910	1,728,226	-	7,911,136	1,796,596	1,906,079	-	3,702,675	4,208,461	4,386,314
(Previous year)	(4,739,431)	(1,443,479)	-	(6,182,910)	(223,987)	(1,572,609)	-	(1,796,596)	(4,386,314)	-
Computers	179,213	334,534	-	513,747	15,630	158,496	-	174,126	339,621	163,583
(Previous year)	-	(179,213)	-	(179,213)	-	(15,630)	-	(15,630)	(163,583)	-
Office Equipments	18,875	333,877	-	352,752	3,290	105,815	-	109,105	243,647	15,585
(Previous year)	-	(18,875)	-	(18,875)	-	(3,290)	-	(3,290)	(15,585)	-
<b>TOTAL TANGIBLE ASSETS</b>	<b>6,763,498</b>	<b>2,396,637</b>	<b>-</b>	<b>9,160,135</b>	<b>1,815,516</b>	<b>2,170,390</b>	<b>-</b>	<b>3,985,906</b>	<b>5,174,229</b>	<b>4,947,982</b>
(previous year)	(4,739,431)	(2,024,067)	-	(6,763,498)	(223,987)	(1,591,529)	-	(1,815,516)	(4,947,982)	-

Note : The free hold land has been mortgaged in favour of Debenture Trustees against the secured debentures issued by the Company.

## 11 LOANS (CONSIDERED GOOD, UNLESS STATED OTHERWISE) (SEE NOTE 24)

	AS AT MARCH 31, 2017		AS AT MARCH 31, 2016	
	NON-CURRENT	CURRENT	NON-CURRENT	CURRENT
	₹	₹	₹	₹
Rupee loans [see note (a), (b) & (c) below]	19,282,177,996	971,997,744	9,178,187,268	681,857,025
Debentures [see note (a), (b) and (c) below]	6,393,252,422	180,837,243	2,085,294,891	72,248,858
<b>TOTAL</b>	<b>25,675,430,418</b>	<b>1,152,834,987</b>	<b>11,263,482,159</b>	<b>754,105,883</b>
(a) The above amount includes:				
Secured [see note 11(b)]	25,675,430,418	1,152,834,987	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, 2017	AS AT MARCH 31, 2016
	₹	₹
	(i) Standard assets	26,828,265,405
(ii) Sub-standard assets	-	-
(iii) Doubtful assets	-	-
(iv) Loss assets	-	-
<b>TOTAL</b>	<b>26,828,265,405</b>	<b>12,017,588,042</b>

## 12 LONG TERM LOANS AND ADVANCES-OTHERS (UNSECURED, CONSIDERED GOOD, UNLESS STATED OTHERWISE)

	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
	₹	₹
	Advance payment of income tax (net of provision for tax of ₹ 12,180,500, Previous year ₹ 12,180,500)	173,647,462
<b>TOTAL</b>	<b>173,647,462</b>	<b>60,373,978</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

### 13 CURRENT INVESTMENTS

	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
	₹	₹
<b>Investment in mutual funds (unquoted; at lower of cost and fair value, unless stated otherwise)</b>		
634,348.210 units of IDFC Cash Fund-Direct Plan-Growth (previous year-5,78,910.125 units) (Face value per unit -₹ 1,000)	1,252,772,423	1,065,000,000
<b>TOTAL</b>	<b>1,252,772,423</b>	<b>1,065,000,000</b>
Aggregate amount of investments in unquoted mutual funds		
Cost	1,252,772,423	1,065,000,000
Market value	1,253,297,744	1,066,248,304

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

### 14 CASH AND CASH EQUIVALENTS (SEE NOTE 24)

	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
	₹	₹
Balance with bank:		
In current account	32,193,364	1,659,003
In deposit account	-	1,021,000,000
<b>TOTAL</b>	<b>32,193,364</b>	<b>1,022,659,003</b>

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

	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
	₹	₹
Prepaid expenses	5,184,643	1,825,182
Supplier Advance	84,857	62,425
Employee Advance	17,350	17,350
Less: Provision for doubtful advance	(17,350)	-
Other Advance	321,272	-
Balances with government authorities - cenvat credit receivable	561,312	556,365
<b>TOTAL</b>	<b>6,152,084</b>	<b>2,461,322</b>

### 16 OTHER CURRENT ASSETS (CONSIDERED GOOD, UNLESS STATED OTHERWISE)

	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
	₹	₹
Interest accrued on Bank deposits (see note 24)	-	593,520
Interest accrued on loans	54,794,319	42,514,445
Interest receivable on debentures	17,365,924	-
<b>TOTAL</b>	<b>72,160,243</b>	<b>43,107,965</b>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

**17 REVENUE FROM OPERATIONS**

	FOR THE YEAR ENDED MARCH 31, 2017	FOR THE YEAR ENDED MARCH 31, 2016
	₹	₹
Interest [see note (a) below]	1,863,425,300	475,484,935
Other financial services -Fees	62,468,051	24,776,204
Profit on sale of current investments	143,426,862	249,594,769
<b>TOTAL</b>	<b>2,069,320,213</b>	<b>749,855,908</b>
(a) Details of interest income		
Interest on loans [see note (i) below]	1,862,319,265	472,766,469
Interest on deposits (see note 24)	1,106,035	2,718,466
<b>TOTAL</b>	<b>1,863,425,300</b>	<b>475,484,935</b>

(i) Interest on loans includes interest on debentures &amp; bonds of ₹ 429,439,967 (Previous Year ₹ 58,008,762).

**18 EMPLOYEE BENEFITS EXPENSE**

	FOR THE YEAR ENDED MARCH 31, 2017	FOR THE YEAR ENDED MARCH 31, 2016
	₹	₹
Salaries	67,486,113	75,106,847
Contribution to provident and other funds (Refer Note 22)	7,906,299	8,408,090
Staff welfare expenses	869,043	535,801
<b>TOTAL</b>	<b>76,261,455</b>	<b>84,050,738</b>

**19 FINANCE COSTS**

	FOR THE YEAR ENDED MARCH 31, 2017	FOR THE YEAR ENDED MARCH 31, 2016
	₹	₹
Interest expense		
(i) Borrowings (see note 24)	1,180,469,281	223,170,669
(ii) Others-Interest on delayed payment of taxes	29,381	14,871
Other borrowing cost (see note 24)	13,706,325	9,057,003
<b>TOTAL</b>	<b>1,194,204,987</b>	<b>232,242,543</b>

**20 PROVISIONS AND CONTINGENCIES**

	FOR THE YEAR ENDED MARCH 31, 2017	FOR THE YEAR ENDED MARCH 31, 2016
	₹	₹
Contingent provision against standard assets (see note 6)	59,242,710	48,070,351
<b>TOTAL</b>	<b>59,242,710</b>	<b>48,070,351</b>

**21 OTHER EXPENSES**

	FOR THE YEAR ENDED MARCH 31, 2017	FOR THE YEAR ENDED MARCH 31, 2016
	₹	₹
Professional fees	2,097,163	3,851,422
Rates and taxes	1,922,732	55,423
Repairs & maintenance	2,315,599	-
Insurance charges	1,914	1,753
Travelling and conveyance	1,578,063	874,763
Printing and stationery	53,886	6,939
Communication costs	480,545	11,543
Stamp duty and registration fees	7,550	892,131
Directors' sitting fees	1,050,000	625,000
Shared service cost [see note (a) below & note 24]]	14,720,514	4,265,985
Contribution towards corporate social responsibility (CSR) (see note 24 & note 33)	3,170,870	376,924
Auditor's remuneration (b)	1,414,734	1,740,646
Advertising & publicity	121,440	88,320
Miscellaneous expenses	90,603	88,381
<b>TOTAL</b>	<b>29,025,614</b>	<b>12,879,230</b>

(a) Shared service costs includes amount paid to fellow subsidiary ₹ 14,720,514, (previous year ₹ 4,014,125) & ultimate holding company ₹ Nil, (previous year ₹ 251,860) towards a Service Level Agreement.

(b) Breakup of Auditors' remuneration

Audit fees	400,000	400,000
Tax audit fees	50,000	50,000
Taxation matters	-	500,000
Other Services	860,000	670,000
Out-of-pocket expenses	3,285	-
Service tax	183,860	176,646
Swachh Bharat Cess	6,566	7,000
Krishi Bharat Cess	5,903	-
<b>TOTAL</b>	<b>1,509,614</b>	<b>1,803,646</b>
Less: Cenvat credit available	94,880	63,000
	<b>1,414,734</b>	<b>1,740,646</b>

**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, 2017	FOR THE YEAR ENDED MARCH 31, 2016
	₹	₹
Provident fund	3,373,958	2,023,380
Superannuation fund	347,933	230,192
Pension fund	2,249,210	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, 2017	FOR THE YEAR ENDED MARCH 31, 2016
	₹	₹
<b>Change in the defined benefit obligations:</b>		
Liability at the beginning of the year	19,857,027	-
Current service cost	1,972,460	682,742
Interest cost	1,666,024	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, 2017

	FOR THE YEAR ENDED MARCH 31, 2017	FOR THE YEAR ENDED MARCH 31, 2016
	₹	₹
Benefits paid	-	-
Actuarial loss	695,615	3,891,397
Liability at the end of the year	24,191,126	19,857,027
<b>Fair value of plan assets :</b>		
Fair value of plan assets at the beginning of the year	16,343,078	-
Expected return on plan assets	1,295,529	-
Assets acquired on Acquisition /(Distributed on Divestiture)	-	14,898,960
Contributions	5,770,418	1,444,118
Benefits paid	-	-
Actuarial gain on plan assets	1,103,373	-
Fair value of plan assets at the end of the year	24,512,398	16,343,078
Amount recognised in the Balance sheet under 'Other current liabilities'-payable to Gratuity Fund	-	3,513,949
Amount recognised in the Balance Sheet under 'Loans and advances'	321,272	-
<b>Actual return on plan assets :</b>		
Expected return on plan assets	1,295,529	-
Actuarial gain on plan assets	-	-
Actual return on plan assets	2,398,902	-
<b>Amount recognised in the Balance Sheet:</b>		
Liability at the end of the year	24,191,126	19,857,027
Fair value of plan assets at the end of the year	24,512,398	16,343,078
Amount recognised in the Balance sheet under 'Other current liabilities'-payable to Gratuity Fund	-	3,513,949
Amount recognised in the Balance Sheet under 'Loans and advances'	321,272	-
<b>Expense recognised in the Statement of Profit and Loss :</b>		
Current service cost	1,972,460	682,742
Interest cost	1,666,024	383,913
Expected return on plan assets	(1,295,529)	-
Net actuarial (gain) / loss recognised during the year	(407,758)	3,891,397
Expense recognised in the Statement of Profit and Loss under 'Employee benefits expense'	1,935,197	4,958,052
<b>Reconciliation of the liability recognised in the Balance Sheet:</b>		
Opening net asset / (liability)	(3,513,949)	-
Expense recognised	1,935,197	4,958,052
Contribution by the Company	5,770,418	1,444,118
Expected employer's contribution next year	2,000,000	1,000,000
<b>Experience adjustments:</b>		
Defined benefit obligation	24,191,126	19,857,027
Plan assets	24,512,398	14,898,960
Recoverable on short settled Liability on divestiture	-	15
Surplus /(Deficit) before contribution	321,272	(4,958,052)
Contribution made by Company	-	1,444,118
Surplus /(Deficit)	321,272	(3,513,934)
Experience adjustments on plan liabilities	(212,912)	-
Experience adjustments on plan assets	1,103,373	-
<b>Investment pattern:</b>		
Insurer managed funds	24,512,398	16,343,078
Principal assumptions:		
Discount rate (p.a.)	7.15%	8.00%
Expected rate of return on assets (p.a.)	7.50%	9.00%
Salary escalation rate (p.a.)	8.00%	8.00%

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, 2017

**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 Asset Management Company Limited
- IV. **Key Management personnel:**
  - i) Sadashiv S. Rao- Chief Executive Officer

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	AS AT
	MARCH 31, 2017	MARCH 31, 2016
	₹	₹
<b>A ULTIMATE HOLDING COMPANY</b>		
<b>1 IDFC Limited</b>		
I Expense		
Shared services cost (*)	-	235,383
Interest expenses on NCDs issued	-	8,933,607
Charges paid for use of hardware	92,343	-
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
Interest on NCDs issued	-	8,933,607
<b>B HOLDING COMPANY</b>		
<b>1 IDFC Financial Holding Company Limited</b>		
I Liabilities / Transactions		
Proceeds from issue of equity shares	-	1,300,000,000
Outstanding equity share capital	4,400,000,000	4,400,000,000
<b>C FELLOW SUBSIDIARIES</b>		
<b>1 IDFC Bank Limited</b>		
I Income		
Interest on Fixed deposits	1,106,035	2,718,466
Processing fees on loan reimbursed	4,785,908	-
II Expense		
Shared services cost expense (*)	14,412,154	3,751,518
Arranger fees paid (*)	583,878	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	177,000,000	2,635,500,000
Fixed deposits matured	1,198,000,000	1,614,500,000

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

NAME OF RELATED PARTY, NATURE OF RELATIONSHIP & PARTICULARS	AS AT	AS AT
	MARCH 31, 2017	MARCH 31, 2016
	₹	₹
Assignment of third party loans	736,206,821	1,252,092,044
Outstanding fixed deposits	-	1,021,000,000
Interest accrued on fixed deposits-balance outstanding	-	593,520
Receivable on fair value of swap book	122,810	-
Balance in current account	31,680,248	1,503,731
iv Off balance-sheet exposure		
Interest Rate swap (Notional principal)	850,000,000	-
<b>2 IDFC Foundation</b>		
I Expense		
Contribution towards corporate social responsibility (CSR)	3,170,870	376,924
<b>3 IDFC Asset Management Company Limited</b>		
I Expense		
Charges paid for use of hardware / server	16,685	-

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

### D REMUNERATION TO KEY MANAGEMENT PERSONNEL:

(i) Mr. Sadashiv S Rao - Chief Executive Officer	Remuneration paid	25,844,532	25,030,298
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**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, 2017	FOR THE YEAR ENDED MARCH 31, 2016
Profit after tax (₹)	708,415,057	371,021,517
Weighted average number of shares for computation of basic earnings per share	540,000,000	379,371,585
Weighted average number of shares for computation of diluted earnings per share	546,019,488	379,563,437
Basic earnings per share (₹)	1.31	0.98
Diluted earnings per share (₹)	1.30	0.98
Nominal value per share (₹)	10	10

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

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2017	FOR THE YEAR ENDED MARCH 31, 2016
Basic earnings per share (₹)	1.31	0.98
Effect of outstanding stock options	(0.0145)	(0.0005)
Diluted earnings per share (₹)	1.30	0.98

The basic earning per share has been computed by dividing the net profit after tax for the year available for equity Shareholders by the weighted average number of equity shares for the respective years, whereas the diluted earning per share has been computed by dividing the net profit after tax for the year available for equity Shareholders by the weighted average number of equity shares, after giving dilutive effect of the outstanding stock options for the respective years. The relevant details as described above are as follows:

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2017	FOR THE YEAR ENDED MARCH 31, 2016
Weighted average number of shares for computation of basic earnings per share	540,000,000	379,371,585
Dilutive effect of outstanding stock options	6,019,488	191,852
Weighted average number of shares for computation of diluted earnings per share	546,019,488	379,563,437

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

**27** The Company has entered into interest rate swaps in the nature of 'fixed / floating' or 'floating / fixed' for notional principal of ₹ 850,000,000 outstanding as on March 31, 2017 (Previous Year ₹ Nil ) for varying maturities linked to various benchmarks for asset liability management and hedging. (Refer note 24).

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

### 28 DISCLOSURES UNDER THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006:

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2017	FOR THE YEAR ENDED MARCH 31, 2016
a) the principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year	Nil	Nil
b) the amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	Nil	Nil
c) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	Nil	Nil
d) the amount of interest accrued and remaining unpaid at the end of each accounting year	Nil	Nil
e) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	Nil	Nil

The above information takes into account only those suppliers whose response to inquiries made by the Company for this purpose has been received.

**29** The following additional information is disclosed in terms of the RBI circular (Ref No. DNBR .PD. 008 / 03.10.119 / 2016-17 dated September 01, 2016) and RBI circular DNBR(PD) CC No. 053 / 03.10.119 / 2015-16 :

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

	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
i) CRAR (%)	28.96%	43.05%
ii) CRAR - Tier I Capital (%)	28.49%	42.67%
iii) CRAR - Tier II Capital (%)	0.47%	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, 2017	AS AT MARCH 31, 2016
	₹	₹
<b>1 VALUE OF INVESTMENTS</b>		
(i) Gross Value of Investments		
(a) In India	1,252,772,423	1,065,000,000
(b) Outside India	-	-
	(A) 1,252,772,423	1,065,000,000
(ii) Provision for depreciation		
(a) In India	-	-
(b) Outside India	-	-
	(B) -	-
(iii) Net Value of Investments		
(a) In India	1,252,772,423	1,065,000,000
(b) Outside India	-	-
	(A-B) 1,252,772,423	1,065,000,000
<b>2 MOVEMENT OF PROVISIONS HELD TOWARDS DEPRECIATION ON INVESTMENTS.</b>		
(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	-	-

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

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

		AS AT MARCH 31, 2017		AS AT MARCH 31, 2016	
		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	1,253,297,744	1,252,772,423	1,066,248,304	1,065,000,000
	<b>TOTAL</b>	<b>1,253,297,744</b>	<b>1,252,772,423</b>	<b>1,066,248,304</b>	<b>1,065,000,000</b>

₹

### (d) Disclosure on Risk exposure on derivatives

#### (A) Qualitative disclosures:

- (a) Structure and organisation for management of risk in derivatives trading, the scope and nature of risk measurement, risk reporting and risk monitoring systems, policies for hedging and/or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges/mitigants:

The Company undertakes transactions in interest rate swaps for hedging the interest rate risks on the balance sheet. These include the hedging of interest rate on fixed rate rupee denominated liabilities.

The Company's derivative transactions are governed by the foreign exchange and interest rate risk management policy, as approved by the Board. The risk limits are set up and reviewed periodically and the actual exposures are monitored against the limits allocated to the various counterparties. These limits are set up taking into account counterparty assessment and market factors.

The derivative transactions are originated by Resources Group in compliance with the limits as per the Company's policy and the RBI guidelines. The Risk team independently monitors the risk limits associated with the derivative transactions and appraises the Asset Liability Management Committee (ALCO) and the Risk Management Committee of the Board (RMC) for the compliance with the policy on derivatives. The Finance team undertakes the activities of trade confirmation, settlement and accounting.

- (b) Accounting policy for recording hedge transactions, recognition of income, premiums and discounts, valuation of outstanding contracts:

Interest rate swaps are booked with the objective of managing the interest rate risk on liabilities. Interest rate swaps in the nature of hedge are recorded on accrual basis and these transactions are not marked-to-market. Any resultant profit or loss on termination of the hedge swaps is amortised over the life of the swap or underlying liability, whichever is shorter.

#### (B) Quantitative disclosures:

- (a) Disclosure in respect of Interest Rate Swaps (IRS) is set out below:

		AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
(i)	Notional principal of swap agreement	850,000,000	-
(ii)	Losses which could be incurred if counterparty failed to fulfil their obligations under the agreement	122,810	-
(iii)	Collateral required by the Company upon entering into swaps	-	-
(iv)	Concentration of credit risk arising from the swaps	-	-
(v)	Fair value of the swap book	122,810	-

**(b) Disclosure on risk exposure in Derivatives**

	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
(i) Quantitative disclosure on risk exposure in derivatives		
1 Derivatives (Notional Principal Amount)		
(a) For Hedging	850,000,000	-
2 Marked to Market positions		
(a) Asset (+)	122,810	-
(b) Liability (-)	-	-
3 Credit exposure	8,622,810	-
4 Unhedged exposure	-	-

**(e) Securitisation / Assignment**

The Company has not under taken any 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 disclosure are not applicable to the Company

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

<b>Current year</b>										₹
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	OVER SIX MONTHS TO ONE YEAR	OVER ONE YEAR TO THREE YEARS	OVER THREE YEARS TO FIVE YEARS	OVER FIVE YEARS	TOTAL	
Deposits	-	-	-	-	-	-	-	-	-	
Advances (net)	69,797,687	36,524,573	164,903,602	331,315,937	550,293,189	3,654,276,639	4,672,509,477	17,348,644,301	26,828,265,405	
Investments	1,252,772,423	-	-	-	-	-	-	-	1,252,772,423	
Borrowings	996,094,942	644,574,862	246,182,986	-	-	-	16,840,000,000	2,310,000,000	21,036,852,790	
Foreign Currency assets	-	-	-	-	-	-	-	-	-	
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-	
<b>Previous year</b>										₹
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	OVER SIX MONTHS TO ONE YEAR	OVER ONE YEAR TO THREE YEARS	OVER THREE YEARS TO FIVE YEARS	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	-	-	-	-	-	-	-	-	-	

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, 2017 and as at March 31, 2016.

**(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, 2017 and as at March 31, 2016.

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

During the years ended March 31, 2017 and March 31, 2016, 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, 2017	AS AT MARCH 31, 2016
	NET OF PROVISION (*)	NET OF PROVISION (*)
1 Related parties		
(a) Subsidiaries	-	-
(b) Companies in the same group	-	-
(c) Other related parties	-	-
2 Other than related parties	26,720,952,344	11,969,517,691
<b>TOTAL</b>	<b>26,720,952,344</b>	<b>11,969,517,691</b>

(\*) 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 sector regulators.

**(n) Penalties / fines imposed by the RBI**

During the year ended March 31, 2017 there was no penalty imposed by the RBI and other regulators (Previous Year ₹ Nil).

**(o) Provisions and Contingencies**

	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
	₹	₹
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	-	-
Other Provision and Contingencies	-	-
Provision for Standard Assets	107,313,061	48,070,351
	<b>107,313,061</b>	<b>48,070,351</b>

**(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, 2017	AS AT MARCH 31, 2016
	₹	₹
Total Advances to twenty largest borrowers	21,644,289,796	12,004,098,958
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	80.7%	99.9%

**(r) Concentration of Exposures**

	AS AT MARCH 31, 2017	AS AT MARCH 31, 2016
	₹	₹
Total Exposure to twenty largest borrowers / customers	26,805,548,825	17,454,393,142
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	75.5%	86.8%

**(s) Concentration of Non Performing Assets (NPAs) / Sectorwise 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.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

**(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, 2017		
	OTHER PARTNER IN THE JV	COUNTRY	TOTAL ASSETS
	Nil	Nil	Nil
NAME OF THE JOINT VENTURE/ SUBSIDIARY	FOR THE YEAR ENDED MARCH 31, 2016		
	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, 2017	FOR THE YEAR ENDED MARCH 31, 2016
	Nil	Nil

**(v) Debentureholder' 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.

**30** 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.

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

	AS AT MARCH 31, 2017		AS AT MARCH 31, 2016	
	(i) Name of the Rating Agency	Credit Analysis & Research Limited	ICRA Limited	Credit Analysis & Research Limited
(ii) Rating Assigned	AAA	AAA	AAA	AAA
(iii) Date of Rating	August 23, 2016	June 20 2016	December 22, 2015	February 18, 2016
(iv) Rating Valid upto	August 22, 2017	June 19 2017	December 21, 2016	February 17, 2017

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

**32** 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.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

**33** Amount required to be spent by the Company on Corporate Social Responsibility (CSR) related activities during the year ₹ 3,170,870 (previous year ₹ 376,924 ). Amount spent towards CSR during the year and recognised as expense in the statement of profit and loss on CSR related activities is ₹ 3,170,870 (previous year ₹ 376,924), which comprise of following:

PARTICULARS	AS AT MARCH 31, 2017			AS AT MARCH 31, 2016		
	IN CASH	YET TO BE PAID IN CASH (I.E. PROVISION)	TOTAL	IN CASH	YET TO BE PAID IN CASH (I.E. PROVISION)	TOTAL
(i) Construction/acquisition of any asset	-	-	-	-	-	-
(ii) On purposes other than (i) above	3,170,870	-	3,170,870	376,924	-	376,924

**34** 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.

**35** Details of SBN held and transacted during the period November 8, 2016 to December 30, 2016

PARTICULARS	SBNS	OTHER DENOMINATION NOTES	TOTAL
Closing cash in hand as on November 8, 2016	Nil	Nil	Nil
(+) Permitted receipts	-	-	-
(-) Permitted payments	-	-	-
(-) Amount deposited in Banks	-	-	-
Closing cash in hand as on December 30, 2016	Nil	Nil	Nil

**36** There were no frauds on the Company by its officers or employees has been noticed or reported during the year.

**37** The figures of the previous year have been regrouped wherever necessary, to correspond with those of the current year.

For and on behalf of the Board of Directors of  
**IDFC Infrastructure Finance Limited**  
(Formerly IDFC Infra Debt Fund Limited)

**Vikram Limaye**  
Director

**S. S. Kohli**  
Chairperson

**Sanjay Ajgaonkar**  
Chief Financial Officer

**Amol Ranade**  
Company Secretary

Mumbai | April 24, 2017