IDFC

IDFC LIMITED

IDFC SUBSIDIARIES
Annual Report
2020-21

CONTENTS

IDFC FINANCIAL HOLDING COMPANY LIMITED

CIN	U65900TN2014PLC097942
DIRECTORS	Mr. Vinod Rai (Chairman) Dr. Jaimini Bhagwati Ms. Anita Belani Ms. Sudha Krishnan (w.e.f. June 16, 2021)
AUDITORS	Price Waterhouse & Co. LLP Chartered Accountants
PRINCIPAL BANKER	IDFC FIRST Bank Limited
REGISTERED OFFICE	4th Floor, Capitale Tower, 555 Anna Salai, Thiru Vi Ka Kudiyiruppu, Teynampet, Chennai - 600 018 TEL: +91 44 4564 4202 FAX: +91 44 4564 4222

BOARD'S REPORT

BOARD'S REPORT

TO THE MEMBERS

Your Directors have pleasure in presenting the Seventh Annual Report together with the audited financial statements for the year ended March 31, 2021.

OPERATIONS REVIEW

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

FINANCIAL HIGHLIGHTS

(AMOUNT IN LAKHS)

	FOR THE YEAR ENDED MARCH 31, 2021	FOR THE YEAR ENDED MARCH 31, 2020
Total Income	6,928	19,865
Less: Total Expenses	1,354	7,887
Profit before Tax	5,574	11,978
Less: Provision for Tax	1,194	1,368
Profit after Tax	**4,380**	**10,610**

AMOUNT TO BE CARRIED FORWARD TO RESERVES

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

DIVIDEND

During the year, the Directors do not recommend any dividend for the financial year ended March 31, 2021.

HOLDING, SUBSIDIARY, JOINT VENTURE AND ASSOCIATE COMPANIES

The Company has 2 direct domestic subsidiaries and 1 indirect foreign subsidiary and two associates, as on date which are given below:

SR. NO.	NAME OF COMPANY	DIRECT / INDIRECT	% OF SHAREHOLDING
	Holding Company		
i.	IDFC Limited	Direct	100.00
	Domestic Subsidiaries		
ii.	IDFC Asset Management Company Limited ("IDFC AMC")	Direct	99.96
iii.	IDFC AMC Trustee Company Limited	Direct	100.00
	Foreign Subsidiaries		
i.	IDFC Investment Managers (Mauritius) Ltd.	Indirect through IDFC AMC	99.96
	Associate Company		
i.	IDFC FIRST Bank Limited	Direct	39.98
ii.	IDFC FIRST Bharat Limited	Indirect through IDFC FIRST Bank	39.98

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

IDFC SECURITIES LIMITED

During FY20, IDFC & IDFC FHCL had entered into an understanding with Mr. Dharmesh Mehta along with other investors ("Acquirers") to sale its entire equity stake (100%) held in IDFC Securities Limited after obtaining the necessary regulatory approval. IDFC Securities was an indirect subsidiary company of IDFC Limited as on March 31, 2020. During the year, on June 10, 2020, IDFC transferred equity stake in IDFC Securities Limited to the Acquirers, after obtaining all necessary regulatory approvals, at a consideration of ₹ 86 crore. The same was informed to the stock exchanges. Accordingly, as on March 31, 2021, IDFC Securities Limited, IDFC Securities Singapore Pte. Limited and IDFC Capital (USA) Inc. all three ceased to be subsidiaries of the Group w.e.f. June 10,2020.

PREFERENTIAL OFFER BY IDFC FIRST BANK

The Company had subscribed to 34.49 crore equity shares of IDFC FIRST Bank aggregating to ₹ 800 crore to the preferential capital offer made by the IDFC First Bank, to meet the regulatory requirement of maintaining 40 % holding up-to 30th September 2020 as mandated by Reserve Bank of India

QIP BY IDFC FIRST BANK ("BANK")

The Bank has raised equity capital of Rs. 3,000 Cr (approx) through Qualified Institutional Placement ("QIP) on April 16, 2021. Post this IDFC FHCL holding in Bank has reduced to 36.60%.

CAPITAL REDUCTION

The Board of Directors and members of IDFC Financial Holding Company Limited ("IDFC FHCL" or "the Company"), at its meeting held on December 06, 2019, approved reduction of Reduction of Capital of the Company. In this connection, company has filed MGT-14 forms vide SRN number R22965131 and R22967327 on December 10, 2019.

BOARD'S REPORT

The Company had filed an application with National Company Law Tribunal, Chennai Bench ("NCLT") for Reduction of Capital on December 12, 2019 for reducing its Issued, Subscribed and Paid-up Capital by ₹650 Crore i.e. 65 Crore Equity shares of ₹10/- each which involves cancelling and extinguishing approximately 7.20% of the total Issued, Subscribed and Paid-up equity share capital of IDFC FHCL There was no change in ownership and control in the Company by this Capital Reduction.

The current Issued, Subscribed and Paid-up Equity Share Capital of IDFC FHCL is ₹ 90,292,400,000/- (Rupees Nine Thousand Twenty Nine Crore Twenty Four Lakh only) consisting of 9,029,240,000 (Nine Hundred and Two Crore Ninety Two Lakh Forty Thousand) equity shares of ₹10 (Rupees Ten) each.

The revised Issued, Subscribed and Paid-up Capital IDFC FHCL, if approved by NCLT, would be ₹ 83,792,400,000 (Rupees Eight Thousand Three Hundred Seventy Nine Crore Twenty Four Lakh only) consisting of 8,379,240,000 (Eight Hundred Thirty Seven Crore Ninety Two Lakh Forty Thousand) equity shares of ₹ 10 (Rupees Ten) each.

At the time of making an application in December 2019, IDFC FHCL had sufficient liquidity of INR 726 crore. The final hearing at NCLT was getting delayed due to National lock down announced by the Government of India.

In the meantime, the liquidity of IDFC FHCL was used in subscribing to the preferential capital offer made by IDFC FIRST Bank in June 2020 to meet the regulatory requirement for maintaining 40% holding up-to September 30, 2020 as mandated by RBI. IDFC FHCL subscribed to 34.49 crore equity shares of IDFC FIRST Bank aggregating to INR 800 crore.

After more than a year, the Chennai NCLT confirmed our application on February 04, 2021 approving the reduction of share capital and had given time of 30 days to effect the reduction and file altered M&A and intimate to ROC.

At that point of time, IDFC FHCL did not have required liquidity to give effect to the said capital reduction. The said matter was taken to the Board of Directors of IDFC FHCL. The Board of Directors of IDFC FHCL after considering the liquidity position of the Company, at its meeting held on March 01, 2021, decided not to give effect to the said NCLT order and proposed the same to the shareholders of the Company.

Consequently, the Extra Ordinary General Meeting of shareholders took place on March 02, 2021. The shareholders respected the order of NCLT but considering the time lapse for passing such order and liquidity position of the Company, the Shareholders decided not to give effect to such order of NCLT and approved the same by special resolution. The resolutions of the Board of Directors and Shareholders for not giving effect to the NCLT order were filed with MCA. Also, the Company informed NCLT about decision of the shareholders not to give effect to their order passed on February 4, 2021.

PARTICULARS OF EMPLOYEES

The Company had one employee as on March 31, 2021.

PUBLIC DEPOSITS

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

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

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

FOREIGN EXCHANGE EARNINGS AND EXPENDITURE

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

PARTICULARS REGARDING CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

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

DIRECTORS & KMP FOR FY21

The following are the Directors of the Company

SR NO	NAME OF THE DIRECTOR / KMP	DESIGNATION
1	Mr. Vinod Rai	Chairman and Nominee Director
2	Dr. Jaimini Bhagwati	Independent Director
3	Ms. Anita Belani	Independent Director
4	Mr. Bimal Giri	Chief Executive Officer *
5	Mr. Bipin Gemani	Chief Financial Officer
6	Mr. Mahendra N Shah	Company Secretary

Based on recommendation of Nomination and Remuneration Committee ("NRC") and subject to the approval of the Members at the AGM, the Board appointed Ms. Sudha Krishnan (DIN: 02885630) as an Additional Director in the category of Independent Director w.e.f. June 16, 2021. She will hold office as Additional Director up to the conclusion of the ensuing AGM. Accordingly, the approval of Shareholders is sought for appointment of Ms. Sudha Krishnan (DIN: 02885630) as Independent Director at the ensuing AGM.

In accordance with the Articles of Association of the Company and pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Vinod Rai (DIN: 00041867) would retire by rotation at the ensuing AGM and being eligible, offers himself for re-appointment. The Board of Directors recommends re-appointment of Mr. Vinod Rai at the ensuing AGM.

BOARD'S REPORT

*The Board of Directors appointed Mr. Bimal Giri as Chief Executive Officer w.e.f. May 24, 2019. RBI, vide its letter dated December 2, 2019, has communicated it's No objection for the appointment of Mr. Bimal Giri as Chief Executive Officer of IDFC FHCL w.e.f. December 2, 2019 till March 31, 2021. The Nomination and Remuneration Committee and Board of Directors of IDFC Financial Holding Company Limited ("the Company") at their respective meetings held on March 22, 2021 had recommended the re-appointment of Mr. Bimal Giri as the Chief Executive Officer ("CEO") of the Company, subject to approval of the Reserve Bank of India (RBI).

DECLARATION OF INDEPENDENCE

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

BOARD MEETINGS

During FY21, the Board met nine times and gap between two consecutive board meetings was less than one hundred and twenty days. The dates of the meetings were: April 15, 2020, April 28, 2020, June 25, 2020, August 27, 2020, November 10, 2020, January 18, 2021, February 13, 2021, March 01, 2021 and March 22, 2021. The composition of the Board is in compliance with the Companies Act, 2013. Attendance details of the Board Meeting are given in table below:

ATTENDANCE DETAILS OF BOARD OF DIRECTORS FOR FY21

NAME OF THE MEMBER	DIN	POSITION	NO. OF MEETINGS HELD	NO. OF MEETINGS ATTENDED
Mr. Vinod Rai	00041867	Chairman & Nominee Director	9	9
Dr. Jaimini Bhagwati	07274047	Independent Director	9	9
Mr. Anita Belani	01532511	Independent Director	9	9

COMMITTEES OF THE BOARD

As of March 31, 2021, IDFC Financial Holding Company Limited had the following Board Level Committees:

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

AUDIT AND RISK COMMITTEE

During the year, four Audit & Risk Committee meetings were held : June 25, 2020, August 27, 2020, November 13, 2020 and February 13, 2021. The gap between the two meetings was within the limit prescribed under the Companies Act, 2013. The Committee re-constituted on August 09, 2021. Ms. Sudha Krishnan was inducted as a Member of the Committee.

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

1. Dr. Jaimini Bhagwati - Independent Director - Chairman
2. Mr. Vinod Rai – Nominee Director
3. Ms. Anita Belani – Independent Director
4. Ms. Sudha Krishnan - Independent Director

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

ATTENDANCE DETAILS OF AUDIT AND RISK COMMITTEE MEETINGS FOR FY21

NAME OF THE MEMBER	POSITION	STATUS	NO OF MEETINGS HELD IN FY21	NO OF MEETINGS ATTENDED IN FY21
Dr. Jaimini Bhagwati	Independent Director	Chairman	4	4
Mr. Vinod Rai	Nominee Director	Member	4	4
Ms. Anita Belani	Independent Director	Member	4	4

NOMINATION AND REMUNERATION COMMITTEE (NRC)

The NRC meets, inter alia, to fill up of vacancies in the Board, evaluate the performance of the Board and its individual Members. The NRC recommends to the Board from time to time the framework relating to the remuneration for the Directors and Key Managerial Personnel. The Company has put in place Board approved remuneration policy which is in line with the requirements of the Act. The Committee met 2 times during FY21: February 13, 2021 and March 22, 2021. The composition and attendance details of Nomination and Remuneration Committee of the Company is given below:

NAME OF THE MEMBER	POSITION	STATUS	NO OF MEETINGS HELD IN FY21	NO OF MEETINGS ATTENDED IN FY21
Dr. Jaimini Bhagwati	Independent Director	Chairman	2	2
Mr. Vinod Rai	Nominee Director	Member	2	2
Ms. Anita Belani	Independent Director	Member	2	2

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Company continued to partner with IDFC Foundation (a Section 8 company which is a wholly owned subsidiary of IDFC Limited) for inclusive growth to support the cause of sustainable livelihood and skill development, elementary education and primary health to achieve the CSR objectives. The Committee met twice during FY21 on June 25, 2020 and March 22, 2021. The Committee was re-constituted on August 09, 2021. Ms. Sudha Krishnan was inducted as a Member of the Committee. The composition and attendance details of the Meetings of Corporate Social Responsibility Committee of the Company are given below:

NAME OF THE MEMBER	POSITION	STATUS	NO OF MEETINGS HELD IN FY21	NO OF MEETINGS ATTENDED IN FY21
Dr. Jaimini Bhagwati	Independent Director	Chairman	2	2
Ms. Anita Belani	Independent Director	Member	2	2
Mr. Vinod Rai	Nominee Director	Member	2	2

Pursuant to Section 135 and Schedule VII of the Act and Rules made thereunder and on recommendation of CSR Committee, the Board approved the CSR Policy and the said policy is available on the website of the Company - www.idfc.com.

IT STRATEGY COMMITTEE

As per the provisions of RBI master direction RBI/DNBS/2016-17/53 DNBS PPD.No.04/66.15.001/2016-17 dated June 8, 2017 pertaining to "Information Technology Framework for NBFC sector, during the year, IT Strategy Committee was constituted having Ms. Anita Belani as Independent Director & Chairperson of the Committee and Mr. Sunil Kakar, Mr. Bipin Gemani & Mr. Dixson Almeida as Members. The Committee met twice on June 25, 2020 and November 10, 2020 and all the Members attended the meeting. The Board approved the Information Technology (IT) Strategy Document, Information Security Management System (ISMS) Policy, IT Policy, Cyber Security Policy and Cyber Crisis Management Plan on the recommendation of IT Strategy Committee.

STRATEGY AND INVESTMENT COMMITTEE

As on March 31, 2021, the Strategy and Investment Committee ("IC") consists of three Members, namely Mr. Vinod Rai as the Chairman, Dr. Jaimini Bhagwati and Ms. Anita Belani as its Members.

The Committee met eight times during the year on August 21, 2020, September 21, 2020, October 16, 2020, November 25, 2020, December 05, 2020, December 22, 2020, March 08, 2021 and March 15, 2021. The Committee was re-constituted on August 09, 2021. Ms. Sudha Krishnan was inducted as a Member of the Committee. The broad mandate of IC is to take an informed decision about the proposed investment / divestment of non strategic investments in equity, preference, convertible securities and VCF Units to be made / held by IDFC, having regard to factors like long-term value creation and / or business growth / diversification benefits.

BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013, a detailed questionnaire was prepared and circulated to the Board for Annual evaluation for FY21. The Directors evaluated the Board as a whole, its committee and Individual Directors including Chairman. The exercise of Board evaluation was carried out and completed effectively.

AUDITORS

At the AGM of the Company held on August 4, 2017, the Shareholders had approved the appointment of Price Waterhouse & Co. LLP, Chartered Accountants (FRN 304026E / E300009) ("PWC") as Statutory Auditors for a period of 5 years to hold office from the conclusion of the 3rd AGM till the conclusion of the 8th AGM of the Company. In accordance with the Companies Amendment Act, 2017, enforced on May 7, 2018, by the Ministry of Corporate Affairs, the appointment of the Statutory Auditors is not required to be ratified at every Annual General Meeting. PWC has confirmed that they are not disqualified from continuing as Statutory Auditors of the Company for FY22.

As per the guidelines issued by RBI vide RBI/ 2020-21/25 ref no. DOS.CO.ARG/ SEC.01/08.091.001/2021-22 dated April 27, 2021 for appointment/reappointment Statutory Central Auditors (SCAs)/ Statutory Auditors (SAs) of Commercial Banks excluding Regional Rural Banks (RRBs), United Co-operative Banks (UCBs) and NBFCs including Housing Finance Companies (HFCs) entities regulated by the Reserve Bank of India have to mandatorily rotate Statutory Auditors at the end of 3 (three) years. The said guidelines would be applicable for FY 2021-22 and onwards. NBFCs shall have flexibility to adopt these guidelines from H2(second half) of FY 2021-22. Accordingly, The Audit Committee and Board of Directors of IDFC FHCL at its respective meeting held on August 11, 2021 proposed the appointment of V. C. Shah & Co, Chartered Accountants (FRN NO: 109818W), as Statutory Auditors of the IDFC FHCL for a period of 3 years' . The Shareholders of the Company are requested to approve the appointment of V. C. Shah & Co, Chartered Accountants, which forms part of the Notice for convening the ensuing AGM.

RELATED PARTY TRANSACTION

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

REMUNERATION POLICY

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

INTERNAL CONTROL SYSTEMS

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

RISK MANAGEMENT

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

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

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

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Act and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed M/s. BNP & Associates, Company Secretaries to undertake the Secretarial Audit of the Company for FY21. The Secretarial Audit Report forms part of this report.

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

COST AUDIT

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

COMPLIANCE WITH SECRETARIAL STANDARDS

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

MATERIAL CHANGES/ COMMITMENTS

As per Section 134(3)(l) of the Companies Act, 2013, there have been no material changes and commitments affecting the financial position of the Company that has occurred between March 31, 2021 till the date of this report.

INSTANCES OF FRAUD, IF ANY REPORTED BY THE AUDITORS

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

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that:

a) in the preparation of the annual financial statements for the year ended March 31, 2021, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

b) such accounting policies have been selected and applied consistently and judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2021 and of the profit and loss of the Company for that period;

c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) the annual financial statements have been prepared on a going concern basis; and

e) systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

ACKNOWLEDGMENTS

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

FOR AND ON BEHALF OF THE BOARD

Vinod Rai
Chairman

New Delhi, August 11, 2021

ANNEXURE I

AOC - 1

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

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

PART A **SUBSIDIARIES**

₹ IN CRORE

SR NO.	NAME OF SUBSIDIARY COMPANIES	CAPITAL	RESERVES	TOTAL ASSETS	TOTAL LIABILITIES	INVEST-MENTS	TURN-OVER	PROFIT BEFORE TAX	PROVISION FOR TAX	OTHER COMPRHENSIVE INCOME	TOTAL COMPREHENSIVE INCOME	PROPOSED DIVIDEND (%)	% OF SHAREHOLDING PREFERENCE	% OF SHAREHOLDING EQUITY
1	IDFC AMC Trustee Company Limited	0.05	0.28	0.38	0.05	-	0.30	0.09	0.02	(0.01)	0.06	-	-	100%
	(Previous Year)	0.05	0.22	0.31	0.04	-	0.30	0.02	ß	-	0.02	-	-	100%
2	IDFC Asset Management Company Limited	2.68	376.81	488.96	109.47	379.83	347.84	190.99	47.96	0.99	144.02		-	99.96%
	(Previous Year)	2.68	289.94	401.26	108.64	263.09	305.79	108.29	28.24	(0.65)	79.40		-	100.00%
3	IDFC Capital (USA) Inc.* (till June 10, 2020)	-	-	-	-	-	0.42	0.03	-	-	0.03	-	-	0%
	(Previous Year)	4.62	2.82	7.52	0.08	-	1.44	0.09	0.01	-	0.08	-	-	100%
4	IDFC Investment Managers (Mauritius) Limited ^	4.31	(3.48)	0.87	0.05	-	-	(0.46)	-	-	(0.46)	-	-	99.96%
	(Previous Year)	3.20	(3.02)	0.28	0.10	-	-	(0.65)	-	-	(0.65)	-	-	100%
5	IDFC Securities Limited (till June 10, 2020)	-	-	-	-	-	6.19	(4.12)	(0.29)	-	(3.82)	-	-	0%
	(Previous Year)	14.14	59.62	118.82	45.06	4.62	39.82	(7.92)	0.43	1.12	(7.23)	-	-	100%
6	IDFC Securites Singapore Pte. Ltd* (till June 10, 2020)	-	-	-	-	-	-	(0.13)	-	-	(0.13)	-	-	0%
	(Previous Year)	19.68	(19.38)	0.59	0.29	-	-	(2.81)	-	-	(2.81)	-	-	100%
7	IDFC IEH Tactical Fund (till March 16, 2021)	-	-	-	-	-	0.35	(2.57)	-	-	(2.57)	-	-	0%
	(Previous Year)	28.05	(3.53)	24.63	0.11	11.25	(2.82)	(3.58)	(0.01)	-	(3.57)	-	-	71%
8	IDFC IEH Conservative Fund	32.75	(1.13)	32.09	0.47	11.56	1.11	(0.12)	0.40	-	(0.52)	-	-	91.60%
	(Previous Year)	41.00	(1.30)	40.27	0.57	15.09	2.54	1.25	2.00	-	(0.75)	-	-	73%

* Exchange rate as on June 10, 2020

Closing Rate : 1 USD = ₹ 75.53

Average Rate : 1 USD = ₹ 75.42

^ Exchange rate as on March 31, 2021

Closing Rate : 1 USD = ₹75.39

Average Rate : 1 USD = ₹ 71.07

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

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

Bimal Giri
Chief Executive Officer
PAN: AADPG7860M

Vinod Rai
Director
DIN: 00041867

Dr. Jaimini Bhagwati
Director
DIN: 07274047

Bipin Gemani
Chief Financial Officer
PAN: AACPG6412A

Mahendra N. Shah
Company Secretary
ACS: 4222

Mumbai, August 11, 2021

ANNEXURE I

AOC - I

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

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

Part "B"	ASSOCIATES AND JOINT VENTURES		RS. IN CRORE
SL. NO.	NAME OF ASSOCIATES/JOINT VENTURES	IDFC FIRST BANK LIMITED	IDFC FIRST BHARAT LIMITED
1	Latest audited Balance Sheet Date	March 31, 2021	March 31, 2021
2	The date since when Associate/Joint Ventures was acquired	October 21, 2014	October 13, 2016
3	Shares/Units of Associate/Joint Ventures held by the company on the year end		
	Numbers of shares/units	2,268,937,489	2,231,998
	Amount of Investment in Associates/ Joint Venture	8,354.46	232.40
	Extend of Holding %	39.98%	39.98%
4	Description of how there is significant	Associate influence	Associate influence
5	Reason why the associate/joint venture is not consolidated	NA	NA
6	Net worth attributable to Shareholding as per latest audited Balance Sheet	6,555.56	36.96
7	Profit / (Loss) for the year		
	i. Considered in Consolidation	(253.13)	12.15

(i) Names of associates or joint ventures which are yet to commence operations. NA

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

Bimal Giri
Chief Executive Officer
PAN: AADPG7860M

Vinod Rai
Director
DIN: 00041867

Dr. Jaimini Bhagwati
Director
DIN: 07274047

Bipin Gemani
Chief Financial Officer
PAN: AACPG6412A

Mahendra N. Shah
Company Secretary
ACS: 4222

Mumbai, August 11, 2021

ANNEXURE II

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

For the Financial Year Ended 31St March, 2021

[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 of,
IDFC Financial Holding Company Limited
4th Floor, Capitale Tower,
555 Anna Salai,
Thiru Vi Ka Kudiyiruppu,
Teynampet,
Chennai,
Tamil Nadu- 600018

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices **by IDFC Financial Holding Company Limited** having **CIN:- U65900TN2014PLC097942** (hereinafter called the 'Company') during the financial year from 1st April 2020 to 31st March 2021, ('the Year'/ 'Audit Period'/ 'Period under review').

We conducted the Secretarial Audit in a manner that provided us a reasonable basis for evaluating the Company's corporate conduct / statutory compliances and expressing our opinion thereon.

We are issuing this report based on :

(i) Our **verification** of the Company's books, papers, , soft copies of various records, scanned copies of minutes of Board, its Committees, forms and returns filed and other records maintained by the Company and furnished to us compliance related action taken by the company during the financial year ended 31st March 2021 as well as before the issue of this report;

(ii) **Compliance Certificates** confirming Compliance with all laws applicable to the Company given by Key Managerial Personnel / senior managerial Personnel of the Company and taken on record by it's Audit Committee / Board of Directors, and

(iii) **Representations** made, documents produced and information provided by the Company, its officers, agents, and authorised representatives during our conduct of Secretarial Audit.

We hereby report that in our opinion, during the audit period covering the financial year ended on 31st March 2021 the Company has:

i. Complied with the statutory provisions listed hereunder, and

ii. Board-processes and compliance mechanisms are in place

to the extent, in the manner and subject to the reporting made hereinafter.

The members are requested to read this Report, along with our letter of even date annexed to this report as Annexure- A.

1. Compliance with specific statutory provisions

We further report that:

1.1 We have examined soft copies of the various records sent over mail as provided by the company and other records maintained by the Company and furnished to us, forms/ returns filed and compliance related action taken by the company during the year according to the applicable provisions/ clauses of:

(i) The Companies Act, 2013 ('the Act') and the rules made thereunder;

(ii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iii) The following Regulations Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Regulations'):

a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

b) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, and

c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(iv) Secretarial Standards issued by The Institute of Company Secretaries of India.

1.2 During the period under review, and also considering the compliance related action taken by the company after 31st March 2021 but before the issue of this report the Company has, to the best of our knowledge and belief and based on the records, information, explanations and representations furnished to us :

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(i) **Complied with** the applicable provisions/ clauses of the Act, Rules and SEBI Regulations mentioned under of paragraph 1.1

(ii) **Complied with** the applicable provisions/ clauses of :

a. The Act and rules mentioned under paragraph 1.1 (i);

b. The Secretarial Standards on meetings of the Board of Directors (SS-1) and on General Meetings (SS-2) mentioned under paragraph 1.1 (v) above applicable to meetings of the Board, Committees constituted by the Board held during the year, the 6th Annual General Meeting held on 21st September, 2020 and the Extraordinary General Meeting held on 2nd March, 2021 and circular resolutions passed by the Board during the year. The Compliance of the provisions of the Rules made under SS-1 with regard to the Board meetings and Committee meetings held through video conferencing were verified based on the minutes of the meeting provided by the Company.

1.3 We are informed that, during the year, the Company was not required to initiate any compliance related action in respect of the following laws/ rules/ regulations/ standards, and was consequently not required to maintain any books, papers, minute books or other records or file any form/ returns thereunder:

a) The Securities Contracts (Regulation) Act, 1956 (SCRA) and the Rules made thereunder;

b) 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

c) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992:

(i) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

(ii) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

(iii) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

(iv) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;

(v) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; and

(vi) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.

1.4 We have also examined, on test check basis, the relevant documents and records maintained by the Company with respect to the following laws specifically applicable to the Company:-

a. Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015; and

b. Reserve Bank of India Guidelines for Licensing of New Banks in the Private Sector, 2013;

2. Board processes:

We further report that:

1.1 The Board of Directors of Company as on 31st March 2021 comprised of:

(i) Non- Executive Non-Independent Director, and

(ii) Two Non- Executive Independent Directors (including woman Independent Director)

2.2 The processes relating to the following changes in the composition of the Board of Directors and Key Managerial Personnel were carried out in compliance with the provisions of the Act :

(i) Reappointment of Mr. Vinod Rai (DIN: 00041867) as the Director of the Company by the Shareholders at the 6th Annual General Meeting (AGM) held on 21st September 2020

(ii) Regularization of appointment of Ms. Anita Belani (DIN: 01532511) as an Independent Director of the Company w.e.f. 6th December 2019 for a period of three consecutive years, by the Shareholders at the 6th AGM held on September 21, 2020

(iii) Re-appointment of Mr. Bimal Giri (PAN:- AADPG7860M) as Chief Executive Officer of the Company for a period of 1 year w.e.f. 1st April 2021 to 31st March 2022 subject to approval of the RBI.

2.3 Adequate notices were given to all the directors to enable them to plan their schedule for the Board meetings.

2.4 Notice for the Board meetings was sent to Directors at least seven days in advance , as required under Section 173(3) of the Act and SS-1.

2.5 Agenda and detailed notes on agenda were sent to the Directors at least seven days before the board meetings.

2.6 Agenda and detailed notes on agenda for the following items were either circulated separately less than seven days before or at the Board meetings and consent of the Board for so circulating them was duly obtained as required under SS-1:

(i) Supplementary agenda notes and annexures in respect of unpublished price sensitive information such as audited financial statement/ results, unaudited financial results and connected papers, and

(ii) Additional subjects/ information/ presentations and supplementary notes.

2.7 A system exists for Directors to seek and obtain further information and clarifications on the agenda items before the meetings and for their meaningful participation at the meetings.

2.8 We note from the minutes verified that, at the Board meetings held during the year:

(i) Decisions were carried through the majority of the Board; and

(ii) No dissenting views were expressed by any Board member on any of the subject matters discussed, which were required to be captured and recorded as part of the minutes.

3. Compliance mechanism

There are reasonably adequate systems and processes prevalent in the Company, which are commensurate with the Company's size and operations, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

4. Specific events/ actions

We further report that during the audit period, the following specific events/ actions having a major bearing on the Company's affairs took place:-

1. The Company had filed an application under section 66 (i) of the Companies Act, 2013 with Hon'ble National Company Law Tribunal (NCLT), Chennai bench for reduction of Share Capital by ₹ 650 crore on 12th December 2019. At the time of making an application in December 2019, IDFC FHCL had sufficient liquidity of INR 726 crore. The final hearing at NCLT was delayed due to national lockdown announced by the Government of India.

   In the meantime, the liquidity of IDFC FHCL was used in subscribing to the preferential capital offer made by IDFC FIRST Bank in June 2020 to meet the regulatory requirement for maintaining 40% holding up-to September 30, 2020 as mandated by RBI.

   After more than a year, on 4th February 2021, the Chennai NCLT confirmed the Company's application approving the reduction of share capital and had given time of 30 days to effect the reduction and file altered M&A and intimate to ROC.

   At that point of time, the Company did not had liquidity to give effect to the said capital reduction. The Board of Directors of the Company, at its meeting held on 01st March 2021, after considering the liquidity position and practical scenario of the Company, decided not to give effect to the said order and the decision of Board was approved by the Shareholders at the Extra-Ordinary General Meeting held on 02nd March 2021.

   On 02nd March 2021, the Company submitted the letter to NCLT informing the decision of the shareholders for not giving effect to the order passed by the NCLT. However, as on year end the Company has not received any communication from NCLT in the said matter.

2. The Company had subscribed to 34.49 crore equity shares of IDFC FIRST Bank aggregating to ₹ 800 crore to the preferential capital offer made by the IDFC First Bank, to meet the regulatory requirement of maintaining 40 % holding up-to 30th September 2020 as mandated by Reserve Bank of India.

CS Kavita Shah
Associate Partner
ACS No.:-50804
COP No.:-20796
UDIN:-A050804C000455989

For BNP & Associates
Company Secretaries
[Firm Regn. No. P2014MH037400]
PR No. 637/2019

Place: Mumbai
Date: 14th June 2021

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

ANNEXURE II

FORM NO. MR-3

Annexure A to the Secretarial Audit Report

For the Financial Year Ended 31St March, 2021

To,
The Members,
IDFC Financial Holding Company Limited

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

1. The Company's management is responsible for maintenance of secretarial records and compliance with the provisions of corporate and other applicable laws, rules, regulations and standards. Our responsibility is to express an opinion on the secretarial records produced for our audit.
2. We have followed such audit practices and processes as we considered appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.
3. While forming an opinion on compliance and issuing this report, we have also considered compliance related actions taken by the company after 31st March 2021 but before the issue of this report.
4. we have considered compliance related actions taken by the company based on independent legal /professional opinion obtained as being in compliance with law.
5. We have verified the secretarial records furnished to us on a test basis to see whether the correct facts are reflected therein. We have also examined the compliance procedures followed by the Company on a test basis. We believe that the processes and practices we followed, provide a reasonable basis for our opinion.
6. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
7. We have obtained the management's representation about the compliance of laws, rules and regulations and happening of events ,wherever required.
8. Our 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.

CS Kavita Shah
Associate Partner
ACS No.:-50804
COP No.:-20796
UDIN:-A050804C000455989

For BNP & Associates
Company Secretaries
[Firm Regn. No. P2014MH037400]
PR No. 637/2019

Place: Mumbai
Date: 14th June 2021

ANNEXURE III

CORPORATE SOCIAL RESPONSIBILITY (CSR)

1. **Brief outline on CSR Policy of the Company.**

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 to mandatorily spend on CSR activities.

During the year, IDFC carried out CSR activities through its wholly owned subsidiary 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) research and studies in all or any of the activities mentioned in Schedule VII

2. **Composition of CSR Committee for FY 21:**

SL. NO.	NAME OF DIRECTOR	DESIGNATION / NATURE OF DIRECTORSHIP	NUMBER OF MEETINGS OF CSR COMMITTEE HELD DURING THE YEAR	NUMBER OF MEETINGS OF CSR COMMITTEE ATTENDED DURING THE YEAR
1.	Jaimini Bhagwati	Chairman	2	2
2.	Vinod Rai	Member	2	2
3.	Anita Belani	Member	2	2

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.

www.idfc.com

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report).

Not applicable as the Company's average CSR obligation has not more than 10 Cr. in the three immediately preceding financial year as per Section 135 (5) of the Act.

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

SL. NO.	FINANCIAL YEAR	AMOUNT AVAILABLE FOR SET-OFF FROM PRECEDING FINANCIAL YEARS (IN ₹ CR.)	AMOUNT REQUIRED TO BE SETOFF FOR THE FINANCIAL YEAR, IF ANY (IN ₹ CR.)
1	NA	NA	NA
TOTAL			

6. Average net profit of the company as per section 135(5): - ₹ 1.48 Crore

7. (a) Two percent of average net profit of the company as per section 135(5): - ₹ 0.03 Crore

(a) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: - Nil

(b) Amount required to be set off for the financial year, if any: Nil

(c) Total CSR obligation for the financial year (7a+7b-7c). ₹ 0.03 Crore

ANNEXURE III

CORPORATE SOCIAL RESPONSIBILITY (CSR)

8. (a) CSR amount spent or unspent for the financial year:

TOTAL AMOUNT SPENT FOR THE FINANCIAL YEAR. (IN ₹ CR.)	AMOUNT UNSPENT (IN ₹ CR.)				
	TOTAL AMOUNT TRANSFERRED TO UNSPENT CSR ACCOUNT AS PER SECTION 135(6).		AMOUNT TRANSFERRED TO ANY FUND SPECIFIED UNDER SCHEDULE VII AS PER SECOND PROVISO TO SECTION 135(5).		
	AMOUNT	DATE OF TRANSFER	NAME OF THE FUND	AMOUNT.	DATE OF TRANSFER
0.03	Nil	Nil	Nil	Nil	Nil

(b) Details of CSR amount spent against **ongoing projects** for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
SL. NO.	NAME OF THE PROJECT	ITEM FROM THE LIST OF ACTIVITIES IN SCHEDULE VII TO THE ACT.	LOCAL AREA (YES/ NO).	LOCATION OF THE PROJECT.		PROJECT DURATION	AMOUNT ALLOCATED FOR THE PROJECT (IN ₹ CR.)	AMOUNT SPENT IN THE CURRENT FINANCIAL YEAR (IN ₹ CR)	AMOUNT TRANSFERRED TO UNSPENT CSR ACCOUNT FOR THE PROJECT AS PER SECTION 135(6) (IN ₹ CR).	MODE OF IMPLEMENTATION - DIRECT (YES/NO).	MODE OF IMPLEMENTATION - THROUGH IMPLEMENTING AGENCY	
				STATE.	DISTRICT.						NAME	CSR REGISTRATION NUMBER
1	Research & studies on various social and economic issues directly impacting welfare of people	Various clauses of Schedule VII	No	All India Coverage	All India Coverage	Cont.	0.03	0.03	Nil	No	IDFC Foundation	CSR00001386
	TOTAL						0.03	0.03				

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
SL. NO.	NAME OF THE PROJECT	ITEM FROM THE LIST OF ACTIVITIES IN SCHEDULE VII TO THE ACT.	LOCAL AREA (YES/ NO).	LOCATION OF THE PROJECT.		AMOUNT SPENT FOR THE PROJECT (IN ₹ CR.)	MODE OF IMPLEMENTATION - DIRECT (YES/NO).	MODE OF IMPLEMENTATION - THROUGH IMPLEMENTING AGENCY	
				STATE.	DISTRICT.			NAME	CSR REGISTRATION NUMBER
1	NA	NA	NA	NA	NA	NA	NA	NA	NA
	TOTAL								

(a) Amount spent in Administrative Overheads: - Nil

(b) Amount spent on Impact Assessment, if applicable: Nil

(c) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹ 0.03 Crore

(d) Excess amount for set off, if any: Nil

SL. NO.	PARTICULAR	AMOUNT (IN ₹ CR)
(i)	Two percent of average net profit of the company as per section 135(5)	0.03
(ii)	Total amount spent for the Financial Year	0.03
(iii)	Excess amount spent for the financial year [(ii)-(i)]	Nil
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	Nil

ANNEXURE III

CORPORATE SOCIAL RESPONSIBILITY (CSR)

9. (a) Details of Unspent CSR amount for the preceding the financial years:

SL. NO.	PRECEDING FINANCIAL YEAR	AMOUNT TRANSFERRED TO UNSPENT CSR ACCOUNT UNDER SECTION 135 (6) (IN ₹ CR.)	AMOUNT SPENT IN THE REPORTING FINANCIAL YEAR (IN ₹ CR.)	AMOUNT TRANSFERRED TO ANY FUND SPECIFIED UNDER SCHEDULE VII AS PER SECTION 135(6), IF ANY.			AMOUNT REMAINING TO BE SPENT IN SUCCEEDING FINANCIAL YEARS. (IN ₹ CR.)
				NAME OF THE FUND	AMOU-NT (IN ₹ CR.)	DATE OF TRANSFER	
1.	NA	NA	NA	NA	NA	NA	NA
	TOTAL						

(b) Details of CSR amount spent in the financial year for **ongoing projects** of the preceding financial year(s):

(1) SL. NO.	(2) PROJECT ID.	(3) NAME OF THE PROJECT.	(4) FINANCIAL YEAR IN WHICH THE PROJECT WAS COMMENCED	(5) PROJECT DURATION.	(6) TOTAL AMOUNT ALLOCATED FOR THE PROJECT (IN ₹ CR.).	(7) AMOUNT SPENT ON THE PROJECT IN THE REPORTING FINANCIAL YEAR (IN ₹ CR.).	(8) CUMULATIVE AMOUNT SPENT AT THE END OF REPORTING FINANCIAL YEAR. (IN ₹ CR.)	(9) STATUS OF THE PROJECT - COMPLETED / ONGOING
1.	Institute	Research & studies on various social and economic issues directly impacting welfare of people	2016-17	Cont.	0.01	0.01	0.08	Ongoing
	TOTAL				**0.01**	**0.01**	**0.08**	

*The excess spending of ₹ 0.01 Cr. has been made out of the previous year's CSR contribution available with the implementing agency i.e. IDFC Foundation.

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details).
    (a) Date of creation or acquisition of the capital asset(s): NA
    (b) Amount of CSR spent for creation or acquisition of capital asset.: NA
    (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.: NA
    (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).: NA
11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5).

Sd/-
Mr. Vinod Rai
Director

Sd/-
Dr. Jaimini Bhagwati
(Chairman CSR Committee)

New Delhi , June 14, 2021

INDEPENDENT AUDITOR'S REPORT

To the Members of IDFC Financial Holding Company Limited

Report on the audit of the financial statements

OPINION

1. We have audited the accompanying financial statements of IDFC Financial Holding Company Limited ("the Company"), which comprise the balance sheet as at March 31, 2021, the statement of Profit and Loss ((including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and total comprehensive income (comprising of profit and other comprehensive income), changes in equity and its cash flows for the year then ended.

BASIS FOR OPINION

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

EMPHASIS OF MATTERS

4. We draw your attention to note 11(d) to the financial statements regarding not giving effect to the NCLT Order dated February 4, 2021 regarding capital reduction in view of the reasons stated therein. Based on the legal advice, the Company has communicated its decision of not being able to comply with NCLT Order to the Registrar of Companies, Chennai and NCLT. Our opinion is not modified in respect of this matter.

5. We draw your attention to Note 29 to the financial statements, which describes the management's assessment of the impact of the outbreak of Coronavirus (Covid-19) on the business operations of the Company. In view of the uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve. Our opinion is not modified in respect of this matter.

OTHER INFORMATION

6. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Reasonability Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon.

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

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

   We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

7. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

13. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

    (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

    (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and 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 specified under Section 133 of the Act.

    (e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.

    (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

    (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

        i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 23 to the financial statements;

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

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2021;

iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2021.

15. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration Number: 304026E/E-300009

Sharad Vasant
Partner
Membership Number: 101119
UDIN: 21101119AAAAFC3292

Place: Mumbai
Date: June 14, 2021

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 14(f) of the Independent Auditors' Report of even date to the members of IDFC Financial Holding Company Limited on the financial statements for the year ended March 31, 2021

Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls with reference to financial statements of IDFC Financial Holding Company Limited ("the Company") as of March 31, 2021 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

2. 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 issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

AUDITORS' RESPONSIBILITY

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements 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") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. 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 with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

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

5. 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 with reference to financial statements.

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

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

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

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

OPINION

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, 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. (Also refer paragraph 4 and 5 of the main audit report).

Price Waterhouse & Co Chartered Accountants LLP
Firm Registration Number: 304026E/E-300009

Sharad Vasant
Partner
Membership Number: 101119
UDIN: 21101119AAAAFC3292

Place: Mumbai
Date: June 14, 2021

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 13 of the Independent Auditors' Report of even date to the members of IDFC Financial Holding Company Limited on the financial statements as of and for the year ended March 31, 2021

i. The Company does not hold any fixed assets during the year ended March 31, 2021. Therefore, the provisions of Clause 3(i) of the Order are not applicable to the Company.

ii. The Company is in the business of rendering services, and consequently, does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said Order are not applicable to the Company.

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 Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.

iv. The Company has not granted any loans or provided any guarantees or security to the parties covered under Section 185 of the Act. Therefore, the provisions of Section 185 are not applicable to the Company. The Company is registered as a Non – Operating Financial Holding Company with the Reserve Bank of India. Thus, the provisions of Section 186 except sub-section (1) of the Act is not applicable to the Company. In our opinion and according to the information and explanations given to us, during the year, the Company has not made any investments through more than two layers of the investment companies as mentioned in sub- section (1) of Section 186 of the Act.

v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing undisputed statutory dues including provident fund, income tax and goods and service tax and other material statutory dues, as applicable, with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of goods and service tax which have not been deposited on account of any dispute. The particulars of income tax dues as at March 31, 2021 which have not been deposited on account of a dispute, are as follows:

NAME OF THE STATUTE	NATURE OF DUES	AMOUNT (₹)	PERIOD TO WHICH THE AMOUNT RELATES	FORUM WHERE THE DISPUTE IS PENDING
Income Tax Act, 1961	Income Tax	1,27,50,617	FY 2018-2019	Commissioner of Income tax appeals

viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to debenture holders as at the balance sheet date.

ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

xi. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

Also refer paragraph 15 of our main audit report

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

xvi. The Company is required to, and has been registered under Section 45-IA of the Reserve Bank of India Act, 1934 as a Non-Operative Financial Holding Company (NOFHC).

Price Waterhouse & Co Chartered Accountants LLP
Firm Registration Number: 304026E/E-300009

Sharad Vasant
Partner
Membership Number: 101119
UDIN: 21101119AAAAFC3292

Place: Mumbai
Date: June 14, 2021

STANDALONE BALANCE SHEET

AS AT MARCH 31, 2021

(₹ in Lakhs)

	Note	As at March 31, 2021	As at March 31, 2020
ASSETS			
Financial assets			
Cash and cash equivalents	2	442	60,742
Investments	3	924,581	843,366
Other financial assets	4	5	59
Non-financial assets			
Income tax assets (net)	5	126	126
Assets classified as held for sale	6	-	8,600
Total assets		925,154	912,893
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Payables	7		
Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		28	46
Deposits	8	7,662	-
Non-financial liabilities			
Income tax liabilities (net)	9	11	-
Other non-financial liabilities	10	1,776	1,550
EQUITY			
Equity share capital	11A	902,924	902,924
Other equity	11B	12,753	8,373
Total liabilities and equity		925,154	912,893

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

For Price Waterhouse & Co Chartered Accountants LLP
(Registration No: 304026E/E-300009)

Sharad Vasant
Partner
Membership Number : 101119

Mumbai, June 14, 2021

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

Bimal Giri
Chief Executive Officer
PAN: AADPG7860M

Vinod Rai
Director
DIN: 00041867

Dr. Jaimini Bhagwati
Director
DIN: 07274047

Bipin Gemani
Chief Financial Officer
PAN: AACPG6412A

Mahendra N. Shah
Company Secretary
ACS: 4222

STANDALONE STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2021

(₹ in Lakhs)

	Note	Year ended March 31, 2021	Year ended March 31, 2020
Revenue from operations			
Dividend Income [see note 27]		6,162	12,034
Total revenue from operations		6,162	12,034
Other income			
Interest income	12	766	1,240
Gain on sale of investment in subsidiary	13	-	6,591
Total other income		766	7,831
Total income		6,928	19,865
Expenses			
Employee Benefit Expenses	14	89	29
Finance costs	15	1,156	1
Impairment loss on assets classified as held for sale	6(i)	-	7,600
Other expenses	16	109	257
Total expenses		1,354	7,887
Profit before tax		5,574	11,978
Income tax expense:	17		
- Current tax		1,180	1,368
- MAT credit utilised		838	859
- Tax adjustment of earlier years		(824)	(859)
Total tax expense		1,194	1,368
Profit for the year		4,380	10,610
Other comprehensive income for the year		-	-
Total comprehensive income for the year		4,380	10,610
Earnings per equity share of ₹ 10 each			
- Basic (₹)	18	0.05	0.12
- Diluted (₹)		0.05	0.12

The accompanying notes are integral part of these financial statements.

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

For Price Waterhouse & Co Chartered Accountants LLP
(Registration No: 304026E/E-300009)

Sharad Vasant
Partner
Membership Number : 101119

Mumbai, June 14, 2021

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STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2021

A. Equity share capital

(₹ in Lakhs)

	Note	Number	Amount
As at March 31, 2019	11A	9,029,240,000	902,924
Issued during the year		-	-
As at March 31, 2020	11A	9,029,240,000	902,924
Issued during the year		-	-
As at March 31, 2021	11A	9,029,240,000	902,924

B. Other equity

	Note	Reserves and surplus		Total other equity
		Special Reserve u/s. 45-IC of RBI Act, 1934	Surplus in the statement of profit and loss	
As at March 31, 2019	11B	12,760	(14,997)	(2,237)
Profit for the year		-	10,610	10,610
Other comprehensive income		-	-	-
Total comprehensive income		12,760	(4,387)	8,373
Transactions with owners in their capacity as owners:				
- Transfer to special reserve u/s, 45-IC of RBI Act, 1934		2,653	(2,653)	-
As at March 31, 2020	11B	15,413	(7,040)	8,373
Profit for the year		-	4,380	4,380
Other comprehensive income		-	-	-
Total comprehensive income		15,413	(2,660)	12,753
Transactions with owners in their capacity as owners:				
- Transfer to special reserve u/s, 45-IC of RBI Act, 1934		1,096	(1,096)	-
As at March 31, 2021	11B	16,509	(3,756)	12,753

The accompanying notes are integral part of these financial statements.

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

For Price Waterhouse & Co Chartered Accountants LLP
(Registration No: 304026E/E-300009)

Sharad Vasant
Partner
Membership Number : 101119

Mumbai, June 14, 2021

For and on behalf of the Board of Directors of
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Mahendra N. Shah
Company Secretary
ACS: 4222

STANDALONE STATEMENT OF CASH FLOW

FOR THE YEAR ENDED MARCH 31, 2021

(₹ in Lakhs)

	Note	Year ended March 31, 2021	Year ended March 31, 2020
CASH FLOW FROM OPERATING ACTIVITIES :			
Profit before tax		5,574	11,978
Adjustments for :			
Impairment loss on asset held for sale	6(i)	-	7,600
Gain on sale of investment in subsidiary	13	-	(6,591)
Dividend received from subsidiaries		(6,162)	(12,034)
Interest income from term deposits	12	(761)	(1,240)
Interest received on term deposits		814	1,203
Finance charges	15	1,156	1
Operating profit before working capital changes		621	917
Adjustments for (increase) / decrease in operating assets:			
Other receivables		-	1
Adjustments for increase / (decrease) in operating liabilities:			
Trade payables	7	(18)	(10)
Other non financial liabilities	10	(2)	831
Cash generated from operations		601	1,739
Less : Income taxes paid (net of refunds)		(1,199)	(2,125)
Net cash outflow from operating activities	(A)	(598)	(386)
CASH FLOW FROM INVESTING ACTIVITIES :			
Dividend received from subsidiaries		6,162	12,034
Purchase of investment in equity shares of associate	19	(80,000)	(4,518)
Proceeds from sale of subsidiary		7,600	46,452
Term deposits placed *		-	(1,08,316)
Term deposits matured *		-	1,15,024
Net cash (outflow) / inflow from investing activities	(B)	(66,238)	60,676
CASH FLOW FROM FINANCING ACTIVITIES :			
Inter corporate deposit taken		11,000	100
Inter corporate deposit repaid		(3,500)	(100)
Loan taken from HDFC Limited		20,000	-
Loan repaid		(20,000)	-
Finance charges	15	(964)	(1)
Net cash inflow / (outflow) from financing activities	(C)	6,536	(1)
NET (DECREASE) / INCREASE IN CASH AND BANK BALANCES (A+B+C)		(60,300)	60,289
Add : Cash and cash equivalents at beginning of the year	2	60,742	453
Cash and cash equivalents at end of the year	2	442	60,742

* Deposits under investing activities only include those where deposit period is more than 12months.

The accompanying notes are integral part of these financial statements.

This is the statement of cash flow referred to in our report of even date.

For Price Waterhouse & Co Chartered Accountants LLP
(Registration No: 304026E/E-300009)

Sharad Vasant
Partner
Membership Number : 101119

Mumbai, June 14, 2021

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

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DIN: 07274047

Bipin Gemani
Chief Financial Officer
PAN: AACPG6412A

Mahendra N. Shah
Company Secretary
ACS: 4222

1A. BACKGROUND

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

These financial statements were authorised for issue by the Board of Directors on June 14, 2021.

1B. SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

i) Compliance with Ind AS

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

ii) Historical cost convention

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

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

iii) New and amended standards adopted

There are no new standards and amendments applicable to the Company for the annual reporting period commencing on April 1, 2020.

iv) Order of liquidity

The Company is covered in the definition of Non-Banking Financial Company as defined in Companies (Indian Accounting Standards) (Amendment) Rules, 2016. Pursuant to Schedule III-Division III of the Companies Act, 2013, the Company presents its balance sheet in the order of liquidity. This is since the Company does not supply goods or services within a clearly identifiable operating cycle, therefore making such presentation more relevant. A maturity analysis of recovery or settlement of assets and liabilities within 12 months after the reporting date and more than 12 months after the reporting date is presented in Note 28(ii).

v) Consolidation

The following set of financial statements represents the standalone financial statements of the Company. The exemption under para 4 (a) (iv) of Ind AS 110 has been applied and consolidated financial statements have not been prepared. The Company is included in the consolidated financial statements of IDFC Limited (holding company) for the year ended March 31, 2021.

a) Investment in subsidiary and Associates

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

b) Revenue recognition

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

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

ii) Interest income on bank deposits are accounted on accrual basis using effective interest rate method and recognised in the statement of profit and loss as a part of other income.

c) Cash and cash equivalents

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

d) Financial assets

i) Classification

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

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

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

Debt instruments

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

Equity instruments

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

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

ii) Recognition

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

iii) Initial recognition

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

iv) Subsequent measurement

Debt instruments

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

Measured at fair value through statement of profit and loss: A financial asset not classified as amortised cost, is classified as FVTPL. Such financial assets are measured at fair value with all changes in fair value, including interest and dividend income, recognised as in the statement of profit and loss.

Equity instruments

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

v) Impairment of financial assets

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

vi) Derecognition

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

e) Borrowings

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

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

f) Financial liabilities:

i) Initial recognition and measurement

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

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

ii) Subsequent measurement

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

iii) Derecognition

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

g) Non-current assets held for sale

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

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

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

h) Impairment of assets

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

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

i) Income tax

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

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

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

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

j) Trade and other payables

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

k) Offsetting financial instruments

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

l) Provisions

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

m) Borrowing costs

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

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

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

n) Employee Stock Option (ESOP)

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

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

o) Contingencies

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

p) Earnings per share

i) Basic earnings per share is calculated by dividing:

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

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

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

q) Segment reporting

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

r) Rounding of amounts

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

s) Contributed equity

Equity shares are classified as equity.

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

t) Dividends

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

u) Use of estimates

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

The areas involving critical estimates or judgements are:

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

2 CASH AND CASH EQUIVALENTS

(₹ in Lakhs)

	As at March 31, 2021	As at March 31, 2020
Balances with banks:		
In current accounts	442	443
In deposit accounts	-	60,299
Total	442	60,742

3 INVESTMENTS*

(₹ in Lakhs)

	As at March 31, 2021	As at March 31, 2020
Investments measured at cost		
Subsidiaries	89,135	87,920
Associates	835,446	755,446
Total (A) - Gross	924,581	843,366
(Less): Impairment loss allowance	-	-
Total (A) - Net	924,581	843,366
Investments outside India	-	-
Investments in India	924,581	843,366
Total (B) - Gross	924,581	843,366
(Less): Impairment loss allowance	-	-
Total (B) - Net	924,581	843,366

* Refer Note 19 for detailed breakup.

4 OTHER FINANCIAL ASSETS

(₹ in Lakhs)

	As at March 31, 2021	As at March 31, 2020
Interest accrued on deposits	-	54
Other receivables	5	5
Total	5	59

5 INCOME TAX ASSETS (NET)

(₹ in Lakhs)

	As at March 31, 2021	As at March 31, 2020
Advance payment of income tax	126	126
[Net of provision for tax of ₹ 4,745 lakhs (March 31, 2020: ₹ 5,342 lakhs)		
Total	126	126

6 ASSET CLASSIFIED HELD FOR SALE

(₹ in Lakhs)

	Quantity	As at March 31, 2021	Quantity	As at March 31, 2020
Investment in subsidiary				
- IDFC Securities Limited [See note (i)]				
Gross investment	-	-	1,41,37,200	44,010
Less: Impairment		-		(35,410)
Net investment		-		8,600

i) On November 7, 2019 the Company entered into a Share Purchase Agreement (''SPA'') with Mr. Dharmesh Mehta & other strategic investors ("DM") for sale of entire investment in IDFC Securities Limited ("ISL"). As per the said agreement, the entire stake in the equity shares of ISL would be sold to DM for a total consideration of ₹ 8,600 lakhs as against the carrying value of ISL in the books of the Company amounting to ₹ 16,200 lakhs post impairment of ₹ 27,810 lakhs in earlier years.

Further, as the fair value less cost to sell this investment was lower than the carrying value as at March 31, 2020 ; an impairment loss of ₹ 7,600 lakhs had been recognised in the statement of profit and loss and the said investment in ISL was carried at the Net realisable value of ₹ 8,600 lakhs as at March 31, 2020.

Under the SPA, the sale was subject to certain terms, conditions and regulatory approvals and the Company considered it highly probable that the said sale will be completed in next 12 months. Accordingly, the investment in ISL was classified as held for sale as on March 31, 2020.

The sale was concluded in June 2020 post receiving all regulatory approvals. With the sale, ISL, IDFC Securities (Singapore) Pte Ltd and IDFC Capital (USA) Inc. have ceased to be subsidiaries of the Company.

7 PAYABLES

(₹ in Lakhs)

	As at March 31, 2021	As at March 31, 2020
Trade payables:		
- Trade payable - micro enterprises and small enterprises	-	-
- Trade payable - other than micro enterprises and small enterprises	28	46
Total	28	46

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

	As at March 31, 2021	As at March 31, 2020
Outstanding principal amount and interest due to suppliers registered under MSMED Act and remaining unpaid at the year end:	-	-
- Principal amount	-	-
- Interest due thereon	-	-
Interest paid other than under section 16 of MSMED Act, to suppliers registered under MSMED Act, beyond the appointed day during the period.	-	-
Interest paid under section 16 of MSMED Act, to suppliers registered under MSMED Act, beyond the appointed day during the period.	-	-
Amount of interest due and payable (where the principal has already been paid but interest has not been paid).	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
The amount of further interest remaining due and payable even in succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of MSMED Act.	-	-

8 DEPOSITS

(₹ in Lakhs)

	As at March 31, 2021	As at March 31, 2020
Inter corporate deposits from related parties [see note 27]	7,662	-
Total	7,662	-

Net debt reconciliation

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

(₹ in Lakhs)

	As at March 31, 2021	As at March 31, 2020
Cash and cash equivalents	442	60,742
Inter corporate deposits	(7,662)	-
Net debt	(7,220)	60,742

(₹ in Lakhs)

	Other assets		Liabilities from financing activity	**Total**
	Cash and Bank Balance	Bank balances other than cash and cash equivalents	Inter Corporate deposit/ Borrowings	
Net debt as at April 1, 2019	453	6,708	-	7,161
Cash Flows	60,289	(6,708)	1	53,582
Inter corporate deposits taken	-	-	(100)	(100)
Inter corporate deposits repaid	-	-	100	100
Interest paid	-	-	(1)	(1)
Net debt as at March 31, 2020	60,742	-	-	60,742
Cash outflows	(60,300)	-	802	(59,498)
Inter corporate deposits taken	-	-	(11,000)	(11,000)
Inter corporate deposits repaid	-	-	3,500	3,500
Loan taken from HDFC Limited	-	-	(20,000)	(20,000)
Loan repaid	-	-	20,000	20,000
Interest paid	-	-	(964)	(964)
Net debt as at March 31, 2021	442	-	(7,662)	(7,220)

9 INCOME TAX LIABILITIES (NET)

(₹ in Lakhs)

	As at March 31, 2021	As at March 31, 2020
Provision for income tax	11	-
[Net of advance tax of ₹ 1,484 (March 31, 2020: ₹ Nil)		
Total	11	-

10 OTHER NON-FINANCIAL LIABILITIES

(₹ in Lakhs)

	As at March 31, 2021	As at March 31, 2020
Statutory dues payables	20	9
Share based payment liability (Refer Note 26)	1,756	541
Other payable	-	1,000
Total	1,776	1,550

11A. EQUITY SHARE CAPITAL

(₹ in Lakhs)

	As at March 31, 2021		As at March 31, 2020	
	Number	₹ in Lakhs	Number	₹ in Lakhs
Authorised shares				
Equity shares of ₹ 10 each	10,000,000,000	1,000,000	10,000,000,000	1,000,000
Issued, subscribed & fully paid-up shares				
Equity shares of ₹ 10 each	9,029,240,000	902,924	9,029,240,000	902,924
Total	9,029,240,000	902,924	9,029,240,000	902,924

a) Movements in equity share capital

	As at March 31, 2021		As at March 31, 2020	
	Number	₹ in Lakhs	Number	₹ in Lakhs
Outstanding at the beginning of the year	9,029,240,000	902,924	9,029,240,000	902,924
Shares issued during the year	-	-	-	-
Outstanding at the end of the year	9,029,240,000	902,924	9,029,240,000	902,924

b) Terms and rights attached to equity shares

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

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

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

Equity shareholders	As at March 31, 2021		As at March 31, 2020	
	Number	% holding	Number	% holding
IDFC Limited and its nominees	9,029,240,000	100%	9,029,240,000	100%

d) The Company had filed an application with Hon'ble National Company Law Tribunal ('NCLT'), Chennai bench on December 12, 2019 for reduction of 6500 lakh equity shares of ₹ 10/-each to be reduced at par in accordance with provisions of Section 66 of the Companies Act 2013. The approval from NCLT was received by the Company on February 4, 2021. However, basis the recommendation by the Board of Directors in their meeting dated March 01, 2021, the Shareholders passed a special resolution in the Extra Ordinary General Meeting held on March 2, 2021 to not give effect to the said capital reduction. Based on the legal advice obtained, IDFC FHCL has communicated its decision of not being able to comply to the NCLT order to the Registrar of companies ("ROC") vide MGT-14 dated March 02, 2021 and to NCLT vide their letter dated March 02, 2021. No communication has been received by the Company from ROC or NCLT upto the date of approval of these financial statements.

11B. OTHER EQUITY

(₹ in Lakhs)

	As at March 31, 2021	As at March 31, 2020
Surplus in the statement of profit and loss	(3,756)	(7,040)
Special Reserve u/s. 45-IC of RBI Act,1934	16,509	15,413
Total	12,753	8,373

a) Surplus in the statement of profit and loss

	As at March 31, 2021	As at March 31, 2020
Opening balance	(7,040)	(14,997)
Net profit for the period	4,380	10,610
Less: Transfer to special reserve u/s 45IC	(1,096)	(2,653)
Closing balance	(3,756)	(7,040)

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

	As at March 31, 2021	As at March 31, 2020
Opening balance	15,413	12,760
Add: Transferred from surplus in Statement of Profit and Loss	1,096	2,653
Closing balance	16,509	15,413

11C. NATURE AND PURPOSE OF RESERVE

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

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

12 INTEREST INCOME

(₹ in Lakhs)

	Year ended March 31, 2021	Year ended March 31, 2020
On financial assets measured at amortised costs:		
Interest on deposits with banks [see note 27]	761	1,240
Interest on inter corporate deposits [see note 27]	5	-
Total	766	1,240

13 GAIN ON SALE OF INVESTMENT IN SUBSIDIARY

(₹ in Lakhs)

	Year ended March 31, 2021	Year ended March 31, 2020
Gain on sale of investment in subsidiary	-	6,591
Total (A)	-	6,591
Realised	(35,410)	6,591
Unrealised	35,410	-
Total (B)	-	6,591

The Company sold its subsidiary IDFC Securities Limited at a book loss of ₹ 35,410 lakhs, which was already provided in previous years. Hence the provision is reversed in current year and actual loss is booked. For detail reference see note6(i).

14 EMPLOYEE BENEFITS EXPENSES

(₹ in Lakhs)

	Year ended March 31, 2021	Year ended March 31, 2020
Salaries, wages and bonus	89	29
Total	89	29

15 FINANCE COSTS

(₹ in Lakhs)

	Year ended March 31, 2021	Year ended March 31, 2020
Interest expense on loan *	953	-
Interest expense on Inter corporate deposits (see note 27)	186	1
Other interest	17	-
Total	1,156	1

* In June 2020, IDFC FIRST Bank had raised equity capital through preferential allotment. Being promoter of the Bank, IDFC FHCL was required to hold 40% of IDFC FIRST Bank to comply with RBI guidelines and was required to contribute ₹ 80,000 lakhs in the said preferential allotment. To subscribe to preferential issue of IDFC FIRST Bank, IDFC FHCL borrowed ₹ 20,000 lakhs from HDFC Limited @ 12% p.a. and contributed balance amount out of its own funds. The Company utilised resources of the Group and pledged 9.95% shares of IDFC Asset Management Company Limited, 450,000 units of Investcorp Score Funds and 7,332,581 units of Investcorp Private Equity Fund II. As at March 31, 2021 entire loan has been repaid to HDFC Limited and the pledge on the securities provided has been released.

16 OTHER EXPENSES

(₹ in Lakhs)

	Year ended March 31, 2021	Year ended March 31, 2020
Rates and taxes	14	99
Professional fees	41	82
Directors' sitting fees	18	9
Commission to directors	19	24
Demat charges	1	21
Corporate social responsibility & donations [see note (b) below]	3	-
Auditors' remuneration [refer note (a) below]	8	9
Shared Service Cost	3	8
Miscellaneous expenses	2	5
Total	109	257

a)	Breakup of Auditors' remuneration	Year ended March 31, 2021	Year ended March 31, 2020
	Audit fees	2	3
	Tax audit fees	1	1
	Other services	2	3
	Certification charges	3	2
	Out-of-pocket expenses	β	-
	Total	8	9

b) Contribution for corporate social responsibility (CSR)

i) As per Section 135 of the Companies Act, 2013, amount required to be spent by the Company on Corporate Social Responsibility (CSR) related activities during the period is ₹ 3 lakhs (previous year ₹ Nil).

ii) Amount spent towards CSR during the year and recognised as expense in the Statement of Profit and Loss on CSR related activities is ₹ 3 lakhs (previous year ₹Nil), which comprise of following:

(₹ in Lakhs)

	Year ended March 31, 2021	Year ended March 31, 2020
CSR Expenditure:		
IDFC Foundation	3	-
	3	-
Amount spent during the year on:		
(i) Construction/acquisition of an asset	-	-
(ii) On purposes other than (i) above	3	-
Total	3	-

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

Balance as at April 1, 2020			Amount spent during the year		Balance as at March 31, 2021	
With the Company	In separate CSR unspent account	Amount required to be spent during the year	From the Company's bank account	From Separate CSR Unspent account	With the Company	In separate CSR unspent account
-	-	-	-	-	-	-

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

Balance unspent as at April 1, 2020	Amount deposited in Specified Fund of Schedule VII of the Act within 6 months	Amount required to be spent during the year	Amount spent during the year	Balance unspent as at March 31, 2021
-	-	3	3	-

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

Balance excess spent as at April 1, 2020	Amount required to be spent during the year	Amount spent during the year	Balance excess spent as at March 31, 2021
-	-	-	-

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

17 INCOME TAX (₹ in Lakhs)

a) The components of income tax expense for the years ended March 31, 2021 and March 31, 2020 are:

	Year ended March 31, 2021	Year ended March 31, 2020
Current Tax		
Current tax on profit for the year	1,180	1,368
MAT credit utilised [see note 17(c)]	838	859
Adjustment in respect of current tax of prior years	(824)	(859)
Total current tax expense	1,194	1,368

b) Reconciliation of the total tax charge

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the years ended March 31, 2021 and March 31, 2020 is, as follows:

(₹ in Lakhs)

	Year ended March 31, 2021	Year ended March 31, 2020
Accounting profit before tax	5,574	11,978
Tax at India's statutory income tax rate of 29.12% (previous year 29.12%)	1,623	3,488
Tax effect of the amount which are not taxable:		
- Expenses disallowed on account of section 14A of the Income Tax Act, 1961	-	2,296
- Expenses disallowed on account of section 57 of the Income Tax Act, 1961	395	-
- Tax adjustment of earlier years	(824)	(859)
- Tax exempt dividend Income	-	(3,504)
- Taxed at different rate	-	(1,919)
- Tax on reversal of contingent asset	-	1,866
Income tax expense at effective tax rate	1,194	1,368
Effective tax rate	21.41%	11.42%

c) The Company had MAT credit of ₹ 1,697 lakhs as per the return filed for FY 2018-19. However, as the Company was not sure of utilisation of MAT credit in future years, same was not recognised as MAT asset in that year. In the previous year, ₹ 859 lakhs MAT asset was created and utilised as tax as per normal provision was in excess of tax under MAT. Similarly in current year the Company created and utilised ₹ 838 lakhs as MAT credit.

d) Taxation Laws (Amendment) Ordinance 2019, had inserted section 115BAA in the Income Tax Act, 1961, providing existing domestic companies with an option to pay tax at a concessional rate of 22% plus applicable surcharge and cess. Once exercised, such an option cannot be withdrawn for the same or subsequent AYs.
However, the Company has continued with the existing tax rate and would reassess with respect to the option available for adopting the new tax rate in the subsequent years.

e) The Direct Tax Vivad Se Vishwas (VSV) Act, 2020 introduced a dispute resolution scheme, which is applicable to all appeals / petitions filed by the tax payer on the income tax department, which were pending until January 31, 2020, before any appellate forum. Under the Scheme, a taxpayer can settle a litigation pending before any forum by paying the tax on the disputed income and get a full waiver of interest and / or penalty. The Company has settled its liability for AY 2017-18 by paying ₹ 13.65 lakhs under VSV scheme.

18 EARNINGS PER SHARE (EPS)

	Year ended March 31, 2021	Year ended March 31, 2020
(a) Basic and diluted earnings per share		
Profit attributable to the equity holders of the Company (₹ in lakhs)	4,380	10,610
(b) Weighted average number of shares used as the denominator		
Weighted average number of equity shares used as the denominator in calculating basic and diluted earnings per share	9,029,240,000	9,029,240,000
Total basic earnings per share attributable to the equity holders of the Company (In ₹)	0.05	0.12

19 INVESTMENTS

(₹ in Lakhs)

	Face value (₹)	Quantity	As at March 31, 2021	Quantity	As at March 31, 2020
Investment in Associates					
Quoted Equity Shares					
IDFC FIRST Bank Limited [see note (i)]	10	2,268,937,489	835,446	1,923,961,207	755,446
Total			835,446		755,446
Investment in subsidiaries:					
Unquoted Equity Shares (Fully paid)					
IDFC Asset Management Company Limited [see note (26)]	10	26,790,450	89,127	26,790,450	87,912
IDFC AMC Trustee Company Limited	10	50,000	8	50,000	8
Total			89,135		87,920

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

In June 2020, IDFC FIRST Bank had raised equity capital through preferential allotment of ₹ 200,000 lakhs. To maintain its holding of 40%, IDFC FHCL was required to subscribe to 40% of the preferential allotment (₹ 80,000 lakhs) made by IDFC FIRST Bank. As required under SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("ICDR Guidelines"), 344,976,282 number of equity shares subscribed under the preferential allotment is locked in for a period of three years upto June 18, 2023.

The lock in IDFC FHCL's pre-preferential holding in the equity shares of IDFC FIRST Bank was extended from October 1, 2020 to December 24, 2020 pursuant to ICDR Guidelines. As at March 31, 2021, the pre-preferential holding of IDFC FIRST Bank by IDFC FHCL are not subject to lock in. However, as per RBI Guidelines IDFC FHCL will continue to hold required percentage of equity shares of IDFC FIRST Bank till the time required subject to any amendment/ guidelines issued by RBI.

ii) The Company post approval of the Board of Directors on November 8, 2019 sold its entire Investment in IDFC Alternatives Limited (“IAL”) to IDFC Limited at book value for ₹ 20,005 lakhs as IAL on surrender of its license ceased to be a regulated entity and only regulated entities can be held under the company as per RBI Guidelines.

(iii) On December 24, 2019, the Shareholders of IDFC Asset Management Company Limited approved the sub-division of one fully paid up equity share having face value of ₹ 10/- each to ten fully paid up equity shares having face value of ₹ 1/- each. Accordingly 2,679,045 fully paid up equity shares having face value of ₹ 10/- each were sub-divided into 26,790,450 fully paid up equity shares having face value of ₹ 1/- each.

iv) The Company post approval of the Board of Directors on November 8, 2019 sold its entire investment in IDFC Trustee Company Limited ("ITL") to IDFC Limited at book value for ₹ 5 lakhs as ITL ceased to be a trustee to all the funds and was no longer a regulated entity and only regulated entities can be held under the Company as per RBI Guidelines.

v) For investments in subsidiary and associate classified as held for sale and impairment loss recognised in profit and loss, see note 6.

20 CAPITAL MANAGEMENT

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

21 SEGMENT INFORMATION

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

a) Segment revenue

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

(₹ in Lakhs)

	Year ended March 31, 2021	Year ended March 31, 2020
Segment revenue		
- India	6,162	12,034
- Outside India	-	-
Total	6,162	12,034

*There is only one party who contributed more than 10% of total operating revenue of the Company amounting to ₹ 6,162 lakhs. (Previous year 3 parties amounting to ₹ 11,434 lakhs)

b) Segment assets and segment liabilities

(₹ in Lakhs)

	As at March 31, 2021	As at March 31, 2020
Segment assets - India	925,154	912,893
Segment liabilities - India	9,477	1,596

22 EVENTS OCCURRING AFTER THE REPORTING PERIOD

There are no significant events that occurred after the reporting date.

23 CONTINGENT LIABILITIES

(₹ in Lakhs)

	As at March 31, 2021	As at March 31, 2020
Claims not acknowledged as debts in respect of:		
Income-tax demands disputed by the Company (net of amounts provided)	128	141

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

24 FAIR VALUE MEASUREMENT

a) Financial instruments by category

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

	As at March 31, 2021	
	FVTPL	Amortised cost
Financial Assets:		
Cash and cash equivalents	-	442
Other financial assets	-	5
Total financial assets	-	447
Financial Liabilities:		
Trade and other payables	-	28
Other financial liabilities	-	7,662
Total Financial Liabilities	-	7,690

	As at March 31, 2020	
	FVTPL	Amortised cost
Financial Assets:		
Cash and cash equivalents	-	60,742
Other financial assets	-	59
Total financial assets	-	60,801
Financial Liabilities:		
Trade and other payables	-	46
Total Financial Liabilities	-	46

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

b) Fair value hierarchy

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

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

25 FINANCIAL RISK MANAGEMENT

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

a) Credit Risk

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

b) Liquidity risk

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

(₹ in Lakhs)

As at March 31, 2021	Note	Less than 12 months	Total
Trade payables	7	28	28
Total		28	28

(₹ in Lakhs)

As at March 31, 2020	Note	Less than 12 months	Total
Trade payables	7	46	46
Total		46	46

26 EMPLOYEE SHARE BASED PAYMENTS

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

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

a) The fair value of the options was determined using the Black-Scholes model using the following inputs at March 31, 2021:

(i) Grant date - January 1, 2020

	As at March 31, 2021	As at March 31, 2020
Stock Price (₹)	1,107	699
Volatility	0.48	0.50
Riskfree Rate	0.05	0.06
Exercise Price (₹)	699	699
Time To Maturity (In Years)	4.25	5.25
Dividend yield	0.11	0.06
Option Fair Value	304	213

(ii) Grant date - April 1, 2020

	As at March 31, 2021	As at March 31, 2020
Stock Price (₹)	1,107	-
Volatility	0.48	-
Riskfree Rate	0.06	-
Exercise Price (₹)	699	-
Time To Maturity (In Years)	4.51	-
Dividend yield	0.11	-
Option Fair Value	299	-

(iii) Grant date - October 1, 2020

	As at March 31, 2021	As at March 31, 2020
Stock Price (₹)	1,107	-
Volatility	0.48	-
Riskfree Rate	0.06	-
Exercise Price (₹)	699	-
Time To Maturity (In Years)	5.01	-
Dividend yield	0.11	-
Option Fair Value	289	-

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

	As at March 31, 2021		As at March 31, 2020	
	Average exercise price (₹)	Number of options	Average exercise price (₹)	Number of options
Opening balance	699	599,000	-	-
Granted during the year	699	19,000	699	599,000
Exercised during the year	-	-	-	-
Forfeited during the year	699	(14,000)	-	-
Lapsed/expired during the year	-	-	-	-
Closing balance	699	604,000	699	599,000
Vested and exercisable	-	-	-	-

The weighted average share price at the date on which options were exercised during the year ended March 31, 2021 was ₹ Nil (previous year ₹ Nil).

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

Grant date	Expiry date	Exercise price	Outstanding as at March 31, 2021	Outstanding as at March 31, 2020
1-Jan-20	1-Jan-28	699	585,000	599,000
1-Apr-20	1-Apr-28	699	7,500	-
1-Oct-20	1-Oct-28	699	11,500	-
Total			604,000	599,000
Weighted average remaining contractual life of options outstanding at end of period			6.78	7.76

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

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

a) The fair value of the options was determined using the Black-Scholes model using the following inputs at March 31, 2021:

(i) Grant date - April 11, 2018

	As at March 31, 2021	As at March 31, 2020
Stock Price (₹)	1,107	699
Volatility	0.51	0.50
Riskfree Rate	0.05	0.06
Exercise Price (₹)	965	965
Time To Maturity (In Years)	2.53	3.53
Dividend yield	0.11	0.06
Option Fair Value	255	142

(ii) Grant date - February 1, 2018

	As at March 31, 2021	As at March 31, 2020
Stock Price (₹)	1,107	699
Volatility	0.51	0.50
Riskfree Rate	0.05	0.06
Exercise Price (₹)	965	965
Time To Maturity (In Years)	2.42	3.34
Dividend yield	0.11	0.06
Option Fair Value	255	138

(iii) Grant date - November 6, 2017

	As at March 31, 2021	As at March 31, 2020
Stock Price (₹)	1,107	699
Volatility	0.52	0.50
Riskfree Rate	0.05	0.05
Exercise Price (₹)	965	965
Time To Maturity (In Years)	2.30	3.10
Dividend yield	0.11	0.06
Option Fair Value	255	132

(iv) Grant date September 9, 2017

	As at March 31, 2021	As at March 31, 2020
Stock Price (₹)	1,107	699
Volatility	0.53	0.50
Riskfree Rate	0.05	0.05
Exercise Price (₹)	965	965
Time To Maturity (In Years)	2.22	2.94
Dividend yield	0.11	0.06
Option Fair Value	259	128

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

	As at March 31, 2021		As at March 31, 2020	
	Average exercise price (₹)	Number of options *	Average exercise price (₹)	Number of options *
Opening balance	965	399,540	965	435,750
Granted during the year	-	-	-	-
Exercised during the year	965	(10,070)	-	-
Forfeited during the year	965	(1,510)	(965)	(36,210)
Lapsed/expired during the year	-	-	-	-
Closing balance	965	387,960	965	399,540
Vested and exercisable	965	377,960	-	-

The weighted average share price at the date on which options were exercised during the year ended March 31, 2021 was ₹ 1,106.83 (previous year ₹ Nil).

* The outstanding number of options for ESOS - 2017 have been adjusted for the 1:10 stock split in December 2019.

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

Grant date	Expiry date	Exercise price	Outstanding as at March 31, 2021	Outstanding as at March 31, 2020*
9-Sep-17	9-Sep-25	965	368,540	380,120
6-Nov-17	6-Nov-25	965	9,420	9,420
11-Apr-18	11-Apr-26	965	10,000	10,000
Total			387,960	399,540
Weighted average remaining contractual life of options outstanding at end of period			4.35	5.46

* The outstanding number of options for ESOS - 2017 have been adjusted for the 1:10 stock split in December 2019.

C Amount recognised as increase in investment:

Under the group share based payment arrangement, the total increase in the investment in IDFC AMC for the year ended March 31, 2021 amounted to ₹ 1,215 Lakhs (previous year ₹ 94 Lakhs).

27 RELATED PARTY TRANSACTIONS

a) Holding company

IDFC Limited

b) Subsidiaries

	Place of incorporation	Ownership interest	
		As at March 31, 2021	As at March 31, 2020
Direct			
IDFC Asset Management Company Limited [see note (i)]	India	99.96%	100%
IDFC AMC Trustee Company Limited	India	100%	100%
IDFC Securities Limited (upto June 10, 2020)	India	-	100%
Fellow Subsidiary			
IDFC Foundation	India	100%	100%
IDFC Alternatives Limited (w.e.f November 13, 2019)	India	100%	100%
IDFC Trustee Company Limited (w.e.f November 13, 2019)	India	100%	100%
Through subsidiaries			
IDFC Capital (USA) Inc. (upto June 10, 2020)	USA	-	100%
IDFC Capital (Singapore) Pte. Ltd. (liquidated on February 23, 2021)	Singapore	-	100%
IDFC Investment Managers (Mauritius) Limited	Mauritius	99.96%	100%
IDFC Securities Singapore Pte. Limited (upto June 10, 2020)	Singapore	-	100%

(i) IDFC Asset Management Company Limited ("IDFC AMC") launched Employee Stock Option Scheme (ESOS 2017), wherein it authorised agrant upto 2% of shares outstanding to all its employees. There was a employee who was granted 10,070 shares and he exercised the same, with this exercise he becomes minority shareholder IDFC AMC. IDFC AMC will not be considered as 'wholly owned subsidiary" of the Company.

c) Associate

	Place of incorporation	Ownership interest	
		As at March 31, 2021	As at March 31, 2020
IDFC FIRST Bank Limited	India	39.98%	40.00%

d) Key Management Personnel

Mr. Bimal Giri - Chief Executive Officer (w.e.f December 02, 2019)
Ms. Loveleen Joshi walia - Nominee Director (w.e.f. August 16, 2019 and upto January 06, 2020)
Ms. Anita Belani - Independent director (w.e.f December 06, 2019)
Mr. Ajay Sondhi - Independent director (w.e.f August 16, 2019 and upto November 08, 2019)
Ms. Ritu Anand - Independent director (upto August 14, 2019)
Mr. Jaimini Bhagwati - Independent director
Mr. Vinod Rai - Nominee Director
Mr. Bipin Gemani - Chief Financial Officer (w.e.f May 24, 2019)

e) Key management personnel compensation (₹ in Lakhs)

	Year ended March 31, 2021	Year ended March 31, 2020
Short-term employee benefit	89	29
Long-term employee benefit	-	-
Total	89	29

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

f) Transactions with related parties

(₹ in Lakhs)

Name of the Entity	Particulars	Year ended March 31, 2021	Year ended March 31, 2020
IDFC Limited	Inter corporate deposits Taken	-	100
	Inter corporate deposits repaid	-	100
	Interest expense	-	1
	Sale of Trustee Company Limited	-	5
	Sale of IDFC Alternatives Limited	-	20,005
	Shared service cost paid	4	-
IDFC FIRST Bank Limited	Interest Income	761	399
	Fixed deposit placed	154,274	129,294
	Fixed deposit matured	214,573	70,125
IDFC Asset Management Company Limited	Dividend received	6,162	6,698
	Shared Service Cost	-	8
IDFC Securities Limited	Inter corporate deposits given	6,400	-
	Inter corporate deposits received back	6,400	-
	Interest Income	5	-
	Dividend received	-	4,736
	Brokerage paid	-	5
	IB fees paid - Transaction Facilitation Fee for sale of IIFL	-	380
IDFC Trustee Company Limited	Dividend received	-	600
IDFC Foundation	CSR expenditure	3	-
IDFC Alternatives Limited	Inter corporate deposits taken	11,000	476
	Inter corporate deposits repaid	3,500	476
	Interest on Inter Corporate Deposit	186	-

g) Outstanding balances

(₹ in Lakhs)

Name of the Entity	Particulars	Year ended March 31, 2021	Year ended March 31, 2020
IDFC FIRST Bank Limited	Balance in Current Accounts	435	428
	Balance in Deposit Accounts	-	60,299
	Interest accrued on deposits	-	54
	Investment in Equity shares (at cost)	835,446	755,446
IDFC Alternatives Limited	Inter corporate deposits outstanding	7,500	-
	Interest paybale on Inter Corporate Deposit	162	-
IDFC Limited	Outstanding Equity shares	902,924	902,924
IDFC Asset Management Company Limited	Investment in Equity shares (at cost)	87,372	87,372
IDFC AMC Trustee Company Limited	Investment in Equity shares (at cost)	8	8
IDFC Securities Limited	Investment in Equity shares (at cost)	-	44,010

h) Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates. The average interest rate on the inter corporate deposits taken during the year was 7.93% (previous year Nil) and average interest rate on the inter corporate deposits given during the year was 7.00% (previous year 4.75%)

All outstanding balances are unsecured and repayable in cash.

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

i) Capital to risk assets ratio (CRAR)

	As at March 31, 2021	As at March 31, 2020
CRAR (%)	89.78%	105.34%
CRAR - Tier I Capital (%)	89.78%	105.34%
CRAR - Tier II Capital (%)	-	-
Amount of Subordinated Debt considered as Tier-II Capital	-	-
Amount raised by issue of Perpetual Debt Instruments	-	-

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

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

(₹ in Lakhs)

	As at March 31, 2021			As at March 31, 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial assets						
Cash and cash equivalents	442	-	442	60,742	-	60,742
Investments	-	924,581	924,581	-	843,366	843,366
Other financial assets	-	5	5	54	5	59
Non-financial assets						
Income tax assets (net)	-	126	126	-	126	126
Assets classified as held for sale	-	-	-	8,600	-	8,600
Total assets	442	924,712	925,154	69,396	843,497	912,893

(₹ in Lakhs)

	As at March 31, 2021			As at March 31, 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial liabilities						
Payables						
(I) Trade payables						
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	28	-	28	46	-	46
Deposits	-	7,662	7,662	-	-	-
Non-financial Liabilities						
Income tax liabilities (net)	11	-	11	-	-	-
Other non-financial liabilities	19	1,756	1,776	1,009	541	1,550
Total liabilities	59	9,418	9,477	1,055	541	1,596
Net	383	915,294	915,677	68,341	842,956	911,297

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

(₹ in Lakhs)

	As at March 31, 2021		As at March 31, 2020	
	Market value / Break up value / Fair value / NAV	Book value net of provision	Market value / Break up value / Fair value / NAV	Book value net of provision
1 Related parties				
(a) Subsidiaries	37,983	89,135	36,665	96,520
(b) Companies in the same group	1,263,798	835,446	285,708	755,446
(c) Other related parties	-	-	-	-
Total	1,301,781	924,581	322,373	851,966

iv) Penalties / fines imposed by the RBI

During the year ended March 31, 2021 there was no penalty imposed by the RBI (Previous Year Nil).

v) Additional Disclosures

(a) Provisions and Contingencies

Break up of 'Provisions and Contingencies' shown under the head expenditure in the Statement of Profit and Loss:

(₹ in Lakhs)

	As at March 31, 2020	As at March 31, 2019
Impairment loss on assets classified as held for sale	-	7,600
Total	-	7,600

29 IMPACT OF COVID-19

In addition to the widespread public health implications, the COVID-19 pandemic has had an extraordinary impact on macroeconomic conditions in India and around the world. During the previous year, people and economies around the world, witnessed serious turbulence caused by the first wave of the pandemic, the consequent lockdowns, the gradual easing of restrictions and the emergence of new variants of the virus. The first half of the year was worst affected due to pandemic. However, there was an economic recovery in the later half as lockdowns eased consequent to reduction in COVID-19 cases. Although government has started vaccination drive, COVID-19 cases have significantly increased in recent months due to second wave as compared to earlier levels in India. Various state governments have again announced strict measures include lockdowns to contain this spread. As COVID vaccines get administered to more and more people, businesses in sectors impacted by pandemic may pick up. However, the continuing and evolving nature of the virus has created uncertainty regarding estimated time required for businesses and lives to get back to normal.

The Company continues to closely monitor the situation and in response to this health crisis has implemented protocols and processes to execute its business continuity plans and help protect its employees and support its clients.

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

The Company has further assessed the recoverability and carrying value of its assets comprising of Investments as at March 31, 2021, and has concluded that there are no material adjustments required in the financial statements, other than those already considered. The Management has performed an analysis of the fair value of its unquoted and illiquid investments and the same has been considered in the financial statements. The future direct and indirect impact of COVID-19 on the Company business, results of operations, financial position and cash flows remains uncertain. The Company will continue to monitor any material changes to future economic conditions.

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

(i) Implementation of Indian Accounting Standards by Non Banking Financial Companies and Asset Reconstruction Companies bearing reference number DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020

(ii) NBFC circular DNBR (PD) CC.No.008/03.10.119/2016-17 dated September 01, 2016 (Updated as on February 17, 2020)

a Exposures to Capital Market

b Disclosure of complaints

c Ratings assigned by credit rating agencies

d Disclosures regarding Derivatives.

e Disclosures relating to Securitization.

f Exposure to Real Estate Sector.

g Details of financing of parent company products.

h Detail of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC.

i Unsecured Advances.

j Concentration of Deposits, Advances, Exposures and NPAs.

k Sector-wise NPAs.

l Overseas Assets (for those with Joint Ventures and Subsidiaries abroad).

m Off-balance sheet SPVs sponsored.

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

For Price Waterhouse & Co Chartered Accountants LLP
(Registration No: 304026E/E-300009)

Sharad Vasant
Partner
Membership Number : 101119

Mumbai, June 14, 2021

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

Bimal Giri
Chief Executive Officer
PAN: AADPG7860M

Vinod Rai
Director
DIN: 00041867

Dr. Jaimini Bhagwati
Director
DIN: 07274047

Bipin Gemani
Chief Financial Officer
PAN: AACPG6412A

Mahendra N. Shah
Company Secretary
ACS: 4222

IDFC FOUNDATION

CIN U93000DL2011NPL215231

DIRECTORS Ms. Veena Mankar (Chairperson)
Dr. Rajiv B. Lall
Mr. Sunil Kakar

AUDITORS Price Waterhouse & Co. LLP
Chartered Accountants

PRINCIPAL BANKER IDFC FIRST Bank Limited

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Website: www.idfcfoundation.com
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BOARD'S REPORT

TO THE MEMBERS

Your Directors have pleasure in presenting the 11th Annual Report together with the audited financial statements for the financial year ended March 31, 2021.

OPERATIONAL REVIEW

IDFC Foundation ("**the Company**"), a not-for-profit company, within the meaning of Section 8 of the Companies Act, 2013 (erstwhile Section 25 of the Companies Act, 1956), was incorporated in India on March 4, 2011. IDFC Institute (a division of IDFC Foundation) has been set up as a research-focused think / do tank to investigate the economic and spatial dimensions of India's ongoing transition from a low-income state-led country to a prosperous market-based economy.

After the enactment of Companies Act, 2013, the focus of the Company has been re-alienated as per Section 135 of the Companies Act, 2013 read with CSR Rules 2014. IDFC Foundation, as implementing agency, carries out CSR activities as per CSR policy adopted by IDFC and its group Companies in line with the schedule VII of the Companies Act, 2013. The Company primarily focusses on CSR activities as well-defined projects or programmes that 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 of the Companies Act, 2013 and (i) Others;

In FY 20-21, the Foundation focused on important areas on support for social research and studies initiative undertaken by IDFC Institute.

RESEARCH AND STUDIES

IDFC Institute has been set up as an independent, economic development-focused think/do tank to investigate the political, economic and spatial dimensions of India's ongoing transition from a low-income, state-led country to a prosperous market-based economy. We provide in- depth, actionable research and recommendations that are grounded in a contextual understanding of the political economy of execution. Our approach to public policy issues rests on a solid foundation of evidence-based research. We use this to parse symptoms from the disease, to get to the "what" of diagnosing problems correctly and developing appropriate solutions. Yet a common concern from the government is how to get things done. A critical part of our work is therefore liaising with relevant stakeholders to understand "how" to get solutions implemented and institutionalized. Stakeholder engagement across sectors is one of the founding principles of the Institute. The Institute's research focuses on two broad areas: a) growth and job creation in the context of India's transition from farm to non-farm, rural to urban and informal to formal economic activity; and b) redefining the relationship between state and citizen to one of equals to improve the public delivery of essential services and welfare. All our research, reports, databases and recommendations are in the public domain and freely accessible through our website: www.idfcinstitute.org

In March 2020, IDFC Institute set up a **Track 2 Task Force** of experts to support the government with their **COVID-19** response. Within a month, we brought together 165+ experts across disciplines, from influenza specialists and supply chain experts to senior police officers and communications gurus. The experts are arranged across 20 sub-groups, including ones on the economy, medical/healthcare, strategic communications, law and order, supply chain, slum assistance and others. The Track 2 Task Force has representatives from the World Bank, Omidyar Network, Gates Foundation, Rockefeller Foundation, UChicago, MIT, NYU, Dalberg, McKinsey and BCG, and is backed by a team of 50-60 researchers at Stanford University, MIT and elsewhere.

During the past year, we worked with both state governments and the centre on a demand-led basis, across a range of issues. On the economic side, this included economic strategy (both short and medium term), ideas for structural reform, supply chain management, agricultural policy and livelihood assistance. On the health/medical side, we worked on access to medical equipment and supplies, epidemiological modeling, exit from lockdown plans and mental health, etc. We created an extensive communications toolkit in 10+ regional languages for state governments to deploy. Finally, we also mobilised our network to provide assistance on legal/legislative issues, law and order, and delivering relief to slums and dense, low-income settlements.

Over the year, the group has lent capacity to the Union Government and 12 state governments. This included running amongst the first and largest serological surveys in the country, implementing a contact tracing solution in several cities and designing a communications toolkit for the state of Punjab to encourage early testing. The results of our serological surveys in Mumbai were included in the World Health Organisation's Global Solidarity Trial and published in Lancet Global Health. The results from the surveys in Karnataka and Tamil Nadu were published respectively in JAMA and MedrXiv. With states imposing blanket lockdowns, our Visiting Senior Fellow Anup Malani, along with Jonathon Gruber (MIT) and Luis Bettencourt (U. Chicago), developed a model called 'adaptive control' that allowed states to make granular decisions about locking down and opening up, based on key indicators like the projected reproductive rate. The team worked with the state government of Bihar to provide state and district level projections on case growth under 2-3 different policy scenarios. We wrote a white paper for the World Bank India office on the Pradhan Mantri Garib Kalyan Yojana, the Indian government's relief package of Rs 1.70 trillion, that examined issues of coverage, identification and implementation. The Track 2 Task Force on law and order supported the launch of an e-Pass application to facilitate inter-state movement of goods and people at the peak of lockdown. Our data science team assisted the Government of Maharashtra in its response to the COVID-19 crisis between April-June 2020 by optimising processes on data collection and management as well as developing interactives that aid decision making. The team created a server to help conduct household surveys and testing on COVID-19 in the state of Karnataka in partnership with the state government.

As COVID-19 vaccine trials began to show promising results, the Rockefeller Foundation partnered with IDFC Institute to think through the vaccination rollout in India. We launched The Indian COVID-19 Alliance (**TICA**) to focus on vaccine allocation strategy in India with a focus on vaccine allocation, distribution, communication and financing. We conducted a qualitative study in urban and rural areas of Punjab and Karnataka to better understand vaccine hesitancy and confidence (February 2021). Building on these findings, we are currently collaborating with the Health Department of the Government of Punjab to support their COVID-19 Vaccination Communication efforts. The Track 2 Task Force continues to support and engage with the government and civil society through the second wave of the pandemic.

IDFC Institute continues to be a thought leader on **urbanisation**. In December 2020, we published a position paper on managing India's urban expansion where we highlighted key tactics and ideas to transform disorderly growth into better planned cities. In January 2021, the World Economic Forum published our white paper, Indian Cities in the Post-Pandemic World, which compiled a series of interviews with experts including Alain Bertaud, Bimal Patel, Jessica Seddon, and Shamika Ravi, to chart out a new urban reforms agenda. IDFC Institute, in collaboration with the World Economic Forum, is conducting an expert Working Group with the Government of Punjab on urban reforms. The experts include Alain Bertaud (Urban Planner, NYU), Bimal Patel (President, CEPT), Shashi Varma (CTO, Transport for London), among others.

We continued to build expertise in the area of **criminal justice reform**. We expanded our outlook on criminal justice to explore the issues around Access to Justice. In COVID-19, we pivoted to help support our state partners. In partnership with the Madhya Pradesh Police, we conducted a study on internal communication, intrinsic motivation and agency of constables on COVID-19 duty across all districts. The International Association of Chiefs of Police published our note on police preparedness required in a pandemic. We continued to expand our work with state and local governments providing them with research and technical support on a range of issues, including police training and motivation, women's safety, crime mapping and traffic management, building technical capacity, evaluating community relations, etc. In collaboration with Madhya Pradesh Police, we launched PARIMAL (Pracademic Action Research Initiative with Multidisciplinary Approach Lab) within their state police academy. PARIMAL is envisioned as an institutional framework within the state police training academy to facilitate evidence-based, experimental and analytical work informing field practice in the public service, governance and justice sectors.

We set up the **Data Governance Network** (DGN) in 2019, with grant support from the **Omidyar Network.** The Network aims to bridge the gap in data governance by producing research that informs policymaking and generating dialogue among wider audiences on key themes such as privacy, consent, digital rights and surveillance. The Network brings together some of India's leading policy think-tanks—National Institute of Public Finance and Policy (NIPFP), Internet Democracy project (IDP) and IT for Change (ITfC). In its second year, DGN published 6 working papers and 8 policy briefs. The papers and policy briefs have been part of both national and international policy discourse on issues ranging from platform governance and competition law to community ownership of non-personal data. DGN published 38 op-eds and blog posts and 5 videos. In addition, DGN produced a podcast, 'Brave New World', hosted by Vasant Dhar, DGN Advisory board member. Eight podcast episodes were released during the year. DGN organised three working groups on the themes of Algorithmic Explainability; Open Data Working Group, in collaboration with International Innovation Corps, University of Chicago Trust; and the Tech for Policing: Crime and Criminal Tracking Network and Systems with the Access to Justice team. The working groups bring together several stakeholders from government, civil society, researchers and practitioners to bring depth and nuance to the important issues being discussed. The format allows for in-depth engagement between stakeholders. DGN has established a partnership with **NITI Aayog** to organise webinars and training sessions on the theme of Technology for Governance. This partnership aims to bring cutting edge global expertise on tech for governance to government officials in India.

We continued to write extensively in the **media** and have become an India content partner for the World Economic Forum. We hosted **virtual roundtables** and **brown bags** on a host of issues. We launched the 'Building a Capable State' Series, in November 2020. This series of virtual roundtables captures diverse perspectives from India and around the world to discuss determinants and trajectories of state capability, including bold experiments to reform government. Four closed-door discussions have been organised with experts in the domain of state capacity. The list of speakers includes prominent names such as Rajiv Mehrishi, James Robinson, Devesh Kapur, Milan Vaishnav, Ajay Shah and Vijay Kelkar.

In partnership with Indian Police Foundation, we conducted a webinar on 'Pandemic Policing: Health, Well-being and Morale of Police Personnel for Operational Continuity and Resilience'. The panel included several DGPs, Police Commissioners and health experts. Towards our efforts at socialising the critical themes on the criminal justice system, we launched the 'State Capacity & Access to Justice' webinar series in February 2021 to showcase research and innovations that enhance the state's capacity to deliver a more equitable and accessible form of justice. DGN hosted several quarterly roundtables with the research nodes and public webinars with prominent speakers from government and private sectors through the year.

FINANCIAL HIGHLIGHTS

(Amount in INR Hundred)

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2021	FOR THE YEAR ENDED MARCH 31, 2020
Total Income	1,131,467	984,557
Less: Total Expenses	1,712,227	1,782,908
Surplus / (Deficit) before tax	(580,760)	(798,351)
Income Tax expenses	349,637	-
Surplus/(Deficit) after tax	(980,397)	(798,351)

BOARD'S REPORT

BOARD OF DIRECTORS

The Board of Directors oversee the management functions to ensure that these are effective and enhance shareholders' value. The Board's mandate inter alia is to have an oversight of the Company's strategic direction, to review the performance, assess the adequacy of risk management and mitigation measures, to ensure regulatory compliance as well as high standards of governance and safeguard interests of all stakeholders. The Board comprises of three Directors with one of its Directors being Independent. The Independent Directors (IDs) are eminent personalities with significant expertise in the fields of banking & financial services and social sector development. None of the Director is related to any other Director or employee of the Company.

BOARD MEETINGS

The Board of Directors of the Company meet at regular intervals to discuss and decide on CSR (including social research) & charitable activities and strategy apart from the regular board business. During the year, the Board met five (5) times on June 11, 2020, August 6, 2020, November 7, 2020, February 8, 2021 and February 24, 2021 and the intervening period between two Board meetings was well within the maximum gap of 180 days as prescribed under the Companies Act, 2013 for the Section 8 Company. The attendance of the Board Meetings held during FY21 is given in the **Table 1**.

COMMITTEES OF THE BOARD

The Board Committees play a crucial role in the governance structure of the Company and help to delegate particular matters that require greater and more focused attention. The Chairman of the respective Committee informs the Board about the summary of the discussions held in the Committee Meetings. The minutes of the meetings of the Committee are placed before the Board for review. The Board Committee also request special invitees to join the meeting, wherever appropriate.

The Board has currently established the Audit Committee.

AUDIT COMMITTEE

The Audit Committee comprises of three Members. The Committee is headed by Mr. Sunil Kakar, Ms. Veena Mankar and Dr. Rajiv B. Lall as its members. During the year, the Audit Committee met four (4) times on June 11, 2020, August 6, 2020, November 7, 2020 and February 8, 2021. The gap between any two consecutive meetings was within the period prescribed under the Companies Act, 2013. The Committee meets, inter alia, to review the accounts of the Company, transactions with related party, and to discuss the audit findings and recommendations of the internal and statutory auditors. The composition and attendance details of the Audit Committee Meetings held during FY21 is given in **Table 1**.

ATTENDANCE OF DIRECTORS AT BOARD AND AUDIT COMMITTEE MEETING(S)

Table 1 shows attendance of Directors at the Board Meetings and Audit Committeee meeting(s) held for the year ended March 31, 2021. Due to COVID-19 related restrictions, all the Directors and committee members attended the meeting through video conferences from their respective residences. Attendance is presented as number of meeting(s) attended, out of the number of meeting(s) required to be attended.

TABLE 1

	DIN NO	CATEGORY	BOARD MEETING	AUDIT COMMITTEE
Dr. Rajiv B. Lall	00131782	Director	**4/5**	**3/4**
Mr. Sunil Kakar	03055561	Director	**5/5**	**4/4**
Ms. Veena Mankar	00004168	Independent Director (ID)	**5/5**	**4/4**

DIRECTORS / KEY MANAGERIAL PERSONNEL

The Key Managerial Personnel pursuant to Section 203 of the Companies Act, 2013 are as follows:

1. Dr. Reuben Abraham - Chief Executive Officer ("**CEO**")

2. Mr. Gopal Chandra Mondal - Chief Financial Officer ("**CFO**")

3. Mr. Prashant Kumar – Company Secretary **("Secretary")**

RETIREMENT BY ROTATION

In accordance with the Articles of Association of the Company and pursuant to the provisions of Section 152 of the Companies Act, 2013, Dr Rajiv Lall (DIN: 00131782) would retire by rotation at the ensuing Annual General Meeting ("AGM") and being eligible, offers himself for re-appointment.

The Board of Directors recommends re-appointment of Dr Rajiv Lall (DIN: 00131782) at the ensuing AGM.

DECLARATION OF INDEPENDENCE

As per the provisions of the Companies Act, 2013, Independent Directors (IDs) are not liable to retire by rotation and the terms of appointment of Independent Directors are 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

STATUTORY AUDITORS

The Shareholders of the Company at their meeting held on August 3, 2017 had approved the appointment of M/s Price Waterhouse & Co. Chartered Accountants LLP (PWC) (FRN 304026E/E300009) as Statutory Auditors for a period of five (5) years, to hold office from the conclusion of the Seventh Annual General Meeting until the conclusion of the Twelfth Annual General Meeting of the Company to be held for FY 2022, subject to ratification by the Members at every Annual General Meeting. PWC has confirmed that they are not disqualified from continuing as Statutory Auditors of the Company for FY21. In accordance with the Companies Amendment Act, 2017, enforced on May 7, 2018, by the Ministry of Corporate Affairs, the appointment of the Statutory Auditors is not required to be ratified at every Annual General Meeting.

Reserve Bank of India issued a circular dated April 27, 2021 requiring mandatory change of Auditors by Banks & NBFCs at the end of 3 years. In case IDFC Limited (Holding Company) changes their statutory auditors in compliance with this circular, the same auditor will be considered for appointment in wholly owned subsidiary for better co-ordination & smooth consolidation.

RELATED PARTY TRANSACTIONS

As per Section 177, read with Section 188 of the Act and Rules made thereunder, the Audit Committee of the Board of Directors approves the related party transactions of the Company on a quarterly basis. Related party transactions entered during the year under review were in the ordinary course of business and on an arm's length basis, thus not requiring Board/Shareholders' approval. 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. As per IND-AS 24 on 'Related Party Disclosures', the details of related party transactions entered into by the Company are also included in 34 of the Notes to Accounts.

JOINT VENTURES / ASSOCIATE COMPANIES

As on March 31, 2021, the Company has following joint venture companies: -

Joint Ventures

(i) Infrastructure Development Corporation (Karnataka) Limited (iDeCK),

(ii) Delhi Integrated Multi Modal Transit System Limited (DIMTS),

In addition, iDeCK, a joint venture of the Company, has one subsidiary namely India PPP Capacity Building Trust (I-Cap). Besides, Uttarakhand Infrastructure Development Company Limited, one of our joint venture company was under liquidation and ROC is under process of issuing the winding up order.

A statement-containing salient features of the financial statement and all other requisite details of all associates/joint venture companies in the format AOC-I is appended as **Annexure I**. The statement also provides details of performance, financial position of each associates / joint venture companies.

PARTICULARS OF EMPLOYEES

The Company had 14 employees as on March 31, 2021. The information required pursuant to section 197 read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, will be provided upon a request. In terms of Section 136 of the Act, the Report and Accounts are being sent to the Members and other entitled thereto, excluding information on employees' particulars which is available for inspection by the Members at the Registered Office of the Company during business hours on working days of the Company up to the date of ensuing Annual General Meeting. If any Member is interested in obtaining copy thereof, such Member may write to the Company in this regard.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

There were no loans, guarantee, or investments made by the Company under the provisions of Section 186 of the Companies Act, 2013.

PARTICULARS REGARDING CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

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

INTERNAL CONTROL SYSTEMS AND RISK MANAGEMENT

The Company has in place adequate internal control systems commensurate with its size and operation of the Company.

MATERIAL CHANGES/ COMMITMENTS

As per Section 134(3)(l) of Companies Act, 2013, there have been no reportable changes and commitments, affecting the financial position of the Company that has occurred during the period from March 31, 2021 till the date of this report.

INSTANCES OF FRAUD, IF ANY REPORTED BY THE AUDITORS

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

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

There are no significant material orders passed by the Regulators/Courts/Tribunal, which would influence 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.

BOARD'S REPORT

COVID 19 IMPACT

As per Note 37 to the financial statements regarding the management's assessment of the impact of the outbreak of Coronavirus (Covid-19) on the operations of the Company, the management believes that no adjustments are required in the financial statements for the year ended March 31, 2021 as it does not impact the current financial year, however, in view of the various preventive measures taken (such as complete lock-down, travel restrictions etc.) and highly uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve.

REGULATARY UPDATE

The Company has complied with all the requirement as per the FCRA (Amendment) Act 2020, and the CSR (Amendment) Rules 2021.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that:

(a) in the preparation of financial statements for the year ended March 31, 2021, 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, 2021 and of the income and expenditure of the company for that period;

(c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) the directors had prepared the annual financial statements on a going concern basis; and

(e) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

ACKNOWLEDGEMENTS

The Directors also express their gratitude for the unstinted support and guidance received from IDFC Limited and other group companies, Bank & Financial Institution and various philanthropic organizations and express their warm appreciation to all the employees of the Company for their commendable teamwork, professionalism and contribution during the year.

The Directors extend their sincere thanks to all the implementing partners of the Company for their support.

For and on behalf of Directors

Veena Mankar
Chairperson
DIN: 00004168

Mumbai, May 21, 2021

ANNEXURE I

AOC - 1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of the Companies (Accounts) Rules, 2014)

Statement containing sailent features of the financial statement of subsidiaries/associate companies/joint ventures

PART "A" : SUBSIDIARIES

(Information in respect of each subsidiary to be presented with amounts in ₹)

1	**Sl. No./CIN**	NA
2	**Name of the subsidiary**	
3	**The date since when subsidiary was acquired**	
4	**Reporting period for the subsidiary concerned, if different from the holding company's reporting period**	
5	**Reporting currency and exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries**	
6	**Trust's capital**	
7	**Reserves & surplus**	
8	**Total assets**	
9	**Total liabilities**	
10	**Investments**	
11	**Turnover**	
12	**Profit before taxation**	
13	**Provision for taxation**	
14	**Profit after taxation**	
15	**Proposed Dividend**	
16	**% of unit holding**	

Note: (i) There are no subsidiaries which are yet to commence operations.

(ii) The 100% subsidiary i.e. India PPP Capacity Building Trust (I-Cap) was transferred to Infrastructure Development Corporation (Karnakata) Limied (IDeCK) w.e.f. April 27, 2017.

Part "B": ASSOCIATES AND JOINT VENTURES

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

SL. NO.	NAME OF ASSOCIATES/JOINT VENTURES	DELHI INTIGRATED MULTI MODAL TRANSIT SYSTEM LIMITED	INFRASTRUCTURE DEVELOPMENT CORPORATION (KARNATAKA) LIMITED(iDeCK)	INDIA PPP CAPACITY BUILDING TRUST (THROUGH iDeCK)
1	**Latest audited Balance Sheet Date**	March 31, 2021	March 31, 2021	March 31, 2021
2	**The date since when Associate/Joint Ventures was acquired**	March 23, 2011	March 23, 2011	April 27, 2017
3	**Shares/Units of Associate/Joint Ventures held by the company on the year end**	50%	49.49%	49.49%
	Numbers of shares/units	73,045	49,48,996	1
	Amount of Investment in Associates/Joint Venture	14,72,89,740	15,48,32,554	7,60,452
	Extend of Holding %	50%	49.49%	49.49%
4	**Description of how there is significant influence**	Joint Venture	Joint Venture	Joint Venture*
5	**Reason why the associate/joint venture is not consolidated**	As per Ind-AS requirement	As per Ind-AS requirement	As per Ind-AS requirement
6	**Net worth attributable to Shareholding as per latest audited Balance Sheet**	60,29,74,500	45,28,67,282	8,83,891
7	**Profit / (Loss) for the year**	2,45,11,000	(6,12,09,000)	75,000
	i. Considered in Consolidation	-	-	-
	i. Not Considered in Consolidation	2,45,11,000	(6,12,09,000)	75,000

Note: (i) Names of associates or joint ventures which are yet to commence operations. NA

(ii) Names of associates or joint ventures which have been liquidated or sold during the year. Uttarakhand Infrastructure Development Company Limited (Under Liquidation) (joint venture of IDFC Foundation)

For and on behalf of the Board of Directors of
IDFC Foundation

Veena Mankar
Director
DIN 00004168

Sunil Kakar
Director
DIN 0305561

Reuben Abraham
Chief Executive Officer
Mumbai

Gopal Chandra Mondal
Chief Financial Officer
New Delhi

Mumbai, May 21, 2021

* Subsidiary of Infrastructure Development Company (Karnataka) Limited w.e.f. April, 2017

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF IDFC FOUNDATION

Report on the audit of the financial statements

Opinion

1. We have audited the accompanying financial statements of IDFC Foundation ("the Company"), which comprise the Balance Sheet as at March 31, 2021, and the Statement of Income and Expenditure (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and total comprehensive loss (comprising of deficit and other comprehensive income), changes in equity and its cash flows for the year then ended.

Basis for opinion

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

Emphasis of matter

4. We draw your attention to Note 37 of the financial statements, which describes the management's assessment of the financial impact of the outbreak of Coronavirus (CoVID-19) as at March 31, 2021. However, in view of the various preventive measures taken (such as lock-downs, travel restrictions etc.) and highly uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve. Our conclusion is not modified in respect of this matter.

Other Information

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

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

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

Responsibilities of management and those charged with governance for the financial statements

6. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

Report on other legal and regulatory requirements

12. This report does not contain a statement on the matters specified in paragraphs 3 and 4 of 'the Companies (Auditor's Report) Order, 2016' issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act as, in our opinion, and according to the information and explanations given to us, the Order is not applicable in the case of the Company.

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

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

    c) The Balance Sheet, the Statement of Income and Expenditure (including other comprehensive income), the Statement of Changes in Equity and Statement of Cash Flows dealt with by this Report are in agreement with the books of account.

    d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act.

    e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.

    f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

    g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

       i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 28 to the financial statements.

       ii. The Company has long-term contracts as at March 31, 2021 for which there were no material foreseeable losses. The Company did not have any derivative contracts as at March 31, 2021.

       iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2021.

       iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2021

14. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration Number: 304026E/E-300009

Jyoti Vaish
Partner
Membership Number 096521
UDIN: 20096521AAAABE7959

Place: Ghaziabad
Date: May 21, 2021

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 13(f) of the Independent Auditors' Report of even date to the members of IDFC Foundation on the financial statements for the year ended March 31, 2021.

Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls with reference to financial statements of IDFC Foundation ("the Company") as of March 31, 2021 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

2. 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 issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements 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") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. 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 with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

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

5. 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 with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

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

Inherent Limitations of Internal Financial Controls with reference to financial statements

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

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, 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. Also refer paragraph 4 of the main audit report.

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration Number: 304026E/E-300009

Jyoti Vaish
Partner
Membership Number 096521
UDIN: 20096521AAAABE7959

Place: Ghaziabad
Date: May 21, 2021

BALANCE SHEET

AS AT MARCH 31, 2021

All amounts in INR Hundred's unless otherwise stated

	Note	As at March 31, 2021	As at March 31, 2020
ASSETS			
Non current assets			
Property, plant and equipment	2	3,42,337	37,568
Right-of-use assets	3	6,23,062	9,23,567
Intangible assets	4	87	102
Investment in joint ventures	5	30,21,223	30,21,223
Financial assets			
i. Loans	6	1,97,911	2,73,762
ii. Other financial assets	7	-	8,892
Other non current assets	8	1,68,871	3,25,371
Total non current assets		43,53,491	45,90,485
Current assets			
Financial assets			
i. Investments	5	8,62,975	11,89,722
ii. Cash and cash equivalents	9	1,30,043	76,562
iii. Bank balances other than (iii) above	10	3,47,401	11,79,044
iv. Loans	6	12,887	11,018
v. Other financial assets	7	4,574	53,102
Other current assets	8	11,879	90,927
Total current assets		13,69,759	26,00,375
Total assets		57,23,250	71,90,860
EQUITY AND LIABILITIES			
Equity			
Equity share capital	11	13,00,000	13,00,000
Other equity			
Reserve and Surplus	12	32,97,790	42,16,329
Total equity		45,97,790	55,16,329
LIABILITIES			
Non-Current liabilities			
Financial liabilities			
i. Lease Liabilities	13	4,85,989	7,10,635
Provisions	15	34,060	6,839
Other non-current liabilities	16	753	1,720
Total non-current liabilities		5,20,802	7,19,194
Current liabilities			
Financial liabilities			
i. Lease Liabilities	13	1,38,689	1,68,412
ii. Trade payables			
(a) total outstanding dues of micro and small enterprises		-	-
(b) total outstanding dues other than (ii)(a) above	14	45,457	21,336
Provisions	15	-	35,000
Other current liabilities	16	4,20,512	7,30,589
Total current liabilities		6,04,658	9,55,337
Total liabilities		11,25,460	16,74,531
Total equity and liabilities		57,23,250	71,90,860

The above Balance Sheet should be read in conjunction with the accompanying notes.

This is the Balance Sheet referred to in our report of even date.

For PRICE WATERHOUSE & CO CHARTERED ACCOUNTANTS LLP
(Firm Registration Number : 304026E/E-300009)

Jyoti Vaish
Partner
Membership Number : 096521

Ghaziabad, May 21, 2021

For and on behalf of the Board of Directors of
IDFC Foundation

Veena Vikas Mankar
Director
DIN 00004168
Mumbai, May 21, 2021

Sunil Kakar
Director
DIN 0305561
Mumbai, May 21, 2021

Reuben Abraham
Chief Executive Officer
Mumbai, May 21, 2021

Gopal Chandra Mondal
Chief Financial Officer
New Delhi, May 21, 2021

STATEMENT OF INCOME AND EXPENDITURE

FOR THE YEAR ENDED MARCH 31, 2021

All amounts in INR Hundred's unless otherwise stated

	Note	Year ended March 31, 2021	Year ended March 31, 2020
INCOME			
Revenue from operations	17	9,53,471	7,74,486
Other gain/(losses)	18A	1,07,718	97,581
Other income	18B	70,278	1,12,490
Total income		11,31,467	9,84,557
EXPENDITURE			
Employee benefit expense	19	5,21,336	5,57,829
Depreciation and amortisation expense	20	1,93,595	1,39,140
Other expenses	21A	9,32,812	10,51,281
Finance Costs	21B	64,484	34,658
Total expenditure		17,12,227	17,82,908
(Deficit)/surplus before tax for the year		(5,80,760)	(7,98,351)
INCOME TAX EXPENSE			
- Current tax	21C	3,49,637	-
- Deferred tax	21C	-	-
Total tax expense		3,49,637	-
(Deficit)/Surplus for the year		(9,30,397)	(7,98,351)
OTHER COMPREHENSIVE INCOME/(LOSS)			
Items that will not be reclassified to income or expenditure:			
(i) Remeasurements of post-employment benefit obligations	22(b)	11,858	(3,511)
(ii) Income tax relating to the above		-	-
Other comprehensive income/(loss) for the year, net of tax		11,858	(3,511)
Total comprehensive (loss)/income for the year		(9,18,539)	(8,01,862)
EARNINGS PER EQUITY SHARE (NOMINAL VALUE PER SHARE: RS. 10)			
- Basic (Rs.)	27	-	-
- Diluted (Rs.)	27	-	-

The above Statement of Income and Expenditure should be read in conjunction with the accompanying notes.

This is the Statement of Income and Expenditure referred to in our report of even date.

For PRICE WATERHOUSE & CO CHARTERED ACCOUNTANTS LLP
(Firm Registration Number : 304026E/E-300009)

Jyoti Vaish
Partner
Membership Number : 096521

Ghaziabad, May 21, 2021

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New Delhi, May 21, 2021

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2021

All amounts in INR Hundred's unless otherwise stated

A. EQUITY SHARE CAPITAL

	Note	Number	Amount
As at March 31, 2019		1,30,00,000	13,00,000
Changes in equity share capital	11	-	-
As at March 31, 2020		1,30,00,000	13,00,000
Changes in equity share capital	11	-	-
As at March 31, 2021		1,30,00,000	13,00,000

B. OTHER EQUITY

	Note	Surplus in the statement of income and expenditure
As at April 1, 2019	12	50,18,191
(Deficit)/Surplus for the year	12	(7,98,351)
Other comprehensive (loss)/income for the year	12	(3,511)
Total comprehensive (loss)/income for the year		(8,01,862)
As at March 31, 2020		42,16,329
(Deficit)/Surplus for the year	12	(9,30,397)
Other comprehensive income/(loss) for the year	12	11,858
Total comprehensive (loss)/income for the year		(9,18,539)
As at March 31, 2021		32,97,790

The accompanying notes are integral part of these financial statements.

This is the Statement of Changes in Equity referred to in our report of even date.

For PRICE WATERHOUSE & CO CHARTERED ACCOUNTANTS LLP
(Firm Registration Number : 304026E/E-300009)

Jyoti Vaish
Partner
Membership Number : 096521

Ghaziabad, May 21, 2021

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New Delhi, May 21, 2021

STATEMENT OF CASH FLOW

(All amounts in INR Hundred's unless otherwise stated)

	Note	Year ended March 31, 2021	Year ended March 31, 2020
CASH FLOW FROM OPERATING ACTIVITIES :			
(Deficit)/Surplus for the year		(5,80,760)	(7,98,351)
Adjustments :			
Depreciation and amortisation expense	20	1,93,595	1,39,140
Other financial asset written off	21A	-	2,478
Net gain on fair value of investments measured at fair value through profit or loss	18A	(69,562)	(39,468)
Gain on sale of investments measured at fair value through profit or loss	18A	(31,327)	(57,745)
Profit on sale of Property, Plant and Equipment	18A	(6,829)	(368)
Interest on income tax refund	18B	(3,563)	(3,266)
Finance costs	18B	64,484	34,658
Interest on unwinding of deposit (refer note 36)	18B	(18,783)	(22,021)
Gain on termination of lease	18B	(2,082)	-
Interest on deposits with banks	18B	(29,110)	(84,593)
Operating (deficit)/surplus before working capital changes		(4,83,937)	(8,29,536)
Adjustments for (increase)/ decrease in operating assets:			
Loans	6	98,130	(13,107)
Other financial assets	7	8,892	2,381
Bank balance other than cash and cash equivalent	10	8,31,643	5,75,386
Other assets	8	65,762	25,125
Adjustments for increase/ (decrease) in operating liabilities			
Trade payables	14	24,121	(21,271)
Other liabilities	16	(3,10,077)	3,62,827
Other non-current liabilities	16	(967)	1,720
Provisions	15	4,079	3,328
Cash generated/(outflow) from operations		2,37,646	1,06,853
Less : Income taxes paid (net of refunds)	8	(1,77,978)	(76,806)
Net cash inflow / (outflow) from operating activities		59,668	30,047
CASH FLOW FROM INVESTING ACTIVITIES :			
Proceed from sale of investment measured at fair value through profit or loss	5	4,27,636	-
Proceed from sale of property, plant and equipment	2	28,655	8,194
Purchase of property, plant and equipment	2	(3,38,825)	(10,481)
Interest on income tax refund received	18B	3,563	3,266
Interest on deposits with banks received	7	77,638	1,27,208
Net cash inflow / (outflow) from investing activities		1,98,667	1,28,187
CASH FLOW FROM FINANCING ACTIVITIES :			
Principal elements of lease payments		(1,40,370)	(47,878)
Interest Paid	21B	(64,484)	(34,658)
Net cash inflow / (outflow) from financing activities		(2,04,854)	(82,536)
NET INCREASE/(DECREASE) IN CASH AND BANK BALANCES		53,481	75,698
Add : Cash and cash equivalents at beginning of the year	9	76,562	864
Cash and cash equivalents at end of the year	9	1,30,043	76,562

Reconciliation of cash and cash equivalents as per the Statement of Cash Flows:

	Note	As at March 31, 2021	As at March 31, 2020
Cash on hand	9	122	194
Balances with banks:			
- In savings accounts	9	1,29,921	76,368
Total		1,30,043	76,562

The accompanying notes are an integral part of these financial statements.

This is the Statement of Cash Flows referred to in our report of even date.

For PRICE WATERHOUSE & CO CHARTERED ACCOUNTANTS LLP
(Firm Registration Number : 304026E/E-300009)

Jyoti Vaish
Partner
Membership Number : 096521

Ghaziabad, May 21, 2021

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New Delhi, May 21, 2021

NOTES TO FINANCIAL STATEMENTS

1. NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2021

Background

IDFC Foundation ("the Company"), a not for profit company, within the meaning of Section 8 of the Companies Act, 2013 (earlier Section 25 of the Companies Act, 1956), was incorporated in India on March 4, 2011. The Ministry of Home Affairs Foreigners Division (FCRA Wing) vide its communication dated June 22, 2020 granted approval with effect from May 14, 2020 for five years in accordance with the provisions of Foreign Contribution (Regulation) Act, 2010.

The Company is a wholly-owned subsidiary of IDFC Limited. The primary focus of the Company is to contribute to the development of infrastructure through engagement in policy research and advocacy, statement support (for economic benefits to society) and in developing social infrastructure (education and healthcare).

Pursuant to the enactment of Companies Act, 2013 and Section 135 of the Companies Act, 2013, the Company, as an implementing agency, has been carrying out Corporate Social Responsibility ('CSR') activities as per CSR policy adopted by IDFC Limited and its group companies in line with the Schedule VII of the Companies Act, 2013. The Company primarily focuses on CSR activities as well defined projects or programs that includes 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 Others.

The Company is incorporated and domiciled in India. The address of its registered office is A- 209-211, Ansal chamber 1, 2nd Floor, Bhikaji Cama Place, New Delhi - 110066.

These financial statements were authorized for issue in accordance with a resolution of the board of directors on May 21, 2021.

a) Basis of preparation

i) Compliance with Ind AS

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

ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- Certain financial assets are measured at fair value.
- Defined benefit plans - plan assets measured at fair value.

iii) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

b) Use of estimates and judgments

The estimates and judgments used in the preparation of the financial statements are continuously evaluated by the Company and are based on historical experience and various other assumptions and factors (including expectations of future events) that the Company believes to be reasonable under the existing circumstances. Differences between actual results and estimates are recognised in the period in which the results are known/materialised.

The said estimates are based on the facts and events, that existed as at the reporting date, or that occurred after that date but provide additional evidence about conditions existing as at the reporting date.

c) Foreign currency transactions and translations

i) Functional and presentation currency

Items included in financial statements are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Indian rupee (Rs.), which is IDFC Foundation's functional and presentation currency.

ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using exchange rates at the date of the transaction. Foreign exchange gains and losses from settlement of these transactions, and from translation of monetary assets and liabilities at the reporting date exchange rates are recognised in the Statement of Income and Expenditure. Foreign exchange gains and losses are presented in the Statement of Income and Expenditure on a net basis within other income/expenses.

d) Revenue recognition

Revenue is measured at fair value of the consideration received or receivable in accordance with Ind AS 115. It is recognized net off goods and service tax.

i) Voluntary Contributions (including corpus donations and unrestricted contributions):

- Donations are recognised as income in the Statement of Income and Expenditure in the year of receipt.

ii) Restricted grants:

Restricted grants received for which there are stipulations as to use are recognized in the Statement of Income and Expenditure as income in the year of utilization and the unutilized amount is shown as 'Restricted grants' as on balance sheet date. Restricted grants are subject to certain restrictions as set out by the donor and agreed to by the Company when accepting the grant. If income generated from assets pertaining to restricted grants is also subject to the same restrictions as the grant, then the same is also credited to restricted grants and is recognized in the Statement of Income and Expenditure as income in the year of utilization. "

- The restricted grants relating to purchase of property, plant and equipment are included in current/ non-current liabilities as deferred revenue and are credited to Statement of Income or Expenditure as a straight line basis over the expected lives of the related assets and presented within revenue from restricted grants.

iii) Revenue from providing services to the government in relation to policy advocacy is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is based on the actual service provided to the end of the reporting period as a proportionate of the total services to be provided.

e) Other Income

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

ii) Interest income on savings bank deposits and fixed deposits with the banks are accounted on accrual basis.

f) Income tax

The Company is registered under Section 12A read With Section I2AA of the Income Tax Act, 1961 in India vide Commissioner of Income Tax's communication reference letter no NQ.DIT(E)I2012-13/DEL-IR22385-27092012/803 ("Approval Letter") and accordingly, is exempt from paying income taxes on excess of revenue over expenses subject to compliance with the conditions as stipulated in aforesaid Approval Letter. The Company is also registered under section 8OG of the Income Tax Act, 1961.

Since the income of the Company is exempt from paying taxes, no provision for tax expense and deferred tax asset/liability has been recognised.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

g) Leases

i) As a lessee

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the lease asset is available for used by the Company. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payment (including in-substance fixed payment) less any lease incentives receivable; payments of penalties, if any, for terminating the lease, if the lease term reflects the Company's exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If the rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an assets of similar value to the right of the use asset in a similar economic environment with similar terms, security and conditions. Lease payment are allocated between principal and finance cost. The finance cost is charged to the Statement of Income and Expenditure over the lease period.

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

(a) the amount of the initial measurement of the lease liability

(b) any lease payments made at or before the commencement date less any lease incentives received

(c) any initial direct costs, and

(d) restoration costs

Right -of -use assets are generally depreciated over the shorter of the assets useful life and the lease term on a straight line basis.

Payment associated with short -term lease of office premises with a lease term of 12 month or less are recognised on a straight line basis as a expenses in the Statement of Income and Expenditure.

ii) As a lessor

The Company does not have any lease arrangements where it is a lessor.

h) Impairment of assets

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

i) Cash and cash equivalents

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

j) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment if any.

k) Financial assets and liabilities

i) Financial assets

I Classification

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

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

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

Debt instruments

For financial assets other than equity, the classification will depend on contractual terms of the cash flows and on the business model in which the financial asset is held. The Company reclassifies the financial assets other than equity when and only when its business model for managing those assets changes.

Equity instruments

For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

II Measurement

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

Debt instruments

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

Measured at fair value through profit and loss (FVTPL): A financial asset not classified as either amortised cost, is classified as FVTPL. Such financial assets are measured at fair value with all changes in fair value, including interest income and dividend income if any, recognised as 'other income' in the Statement of Income and Expenditure.

Currently, the Company holds investment in mutual funds and trust units that are classified as fair value through profit and loss.

Equity instruments

The Company subsequently measures all equity investments at fair value. Changes in the fair value of financial assets measured at fair value through profit and loss are recognised in other income/ expenses in the statement of income and expenditure.

Currently, the Company does not hold investments in equity instruments.

III Impairment of financial assets

The Company is required to assess on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 24 details how the Company determines whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach permitted by Ind AS 109, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

IV Derecognition

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

ii) Financial liabilities:

I Initial recognition and measurement

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

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

II Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the EIR method.

III Derecognition

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

l) Offsetting financial instruments

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

m) Property, plant and equipment

All the items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes cost related to acquisition of asset and any attributable cost to bring the asset to working conditions for its intended use.

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

i) Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at April 1, 2017 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

ii) Depreciation methods, estimated useful lives and residual value

Depreciation on tangible fixed assets has been provided on written down value method as per the useful lives prescribed in Schedule II to the Companies Act, 2013 except in respect of the following category of assets. in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset. the estimated usage of the asset, the operating conditions of the asset, past history of replacement etc.:

- Mobile phones - 2 years,
- Cost of improvements to leasehold premises is amortised over the remaining period of lease of the premises,
- Depreciation on additions during the year is provided on a pro-rata basis,
- the useful life, residual value and the depreciation method are reviewed at least at each financial year end.

Gains or losses arising from the retirement or disposal of a tangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Income and Expenditure.

n) Intangible assets

Intangible assets are stated at cost of acquisition less accumulated amortisation/ impairment losses, if any. Intangible assets are amortised on over their estimated useful lives on written down value method. Any technology support cost or annual maintenance cost for such software is charged to statement of income and expenditure.

Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Income and Expenditure.

i) Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all its intangible assets recognised as at April 1, 2017 measured as per the previous GAAP and use that carrying value as the deemed cost of the intangible assets.

ii) Amortisation methods, estimated useful lives and residual values

The Company amortises computer software using the written down value method over the estimated useful lives of six years. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in the estimates being accounted for on a prospective basis.

o) Trade and other payables

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

p) Provisions

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

q) Contingencies

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

r) Employees Benefits

i) Defined benefit plans

The employees' gratuity fund scheme is a defined benefit plan. The liability or asset recognised in the balance sheet in respect of gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

ii) Defined contribution plans

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

iii) Compensated absences

Based on the leave rules of the Company, employees are not permitted to accumulate leave. Any unavailed privilege leave to the extent encashable is paid to the employees and charged to the Statement of Income and Expenditure for the year.

iv) Bonus

The Company recognises a liability and an expense for bonuses. The company recognises a provisions where contractually obliged or where there is a past practice that has created a constructive obligation.

s) Grant expenditure

Grants disbursed to implementing partners are accounted for as expenditure on the basis of utilisation certificates/statements submitted by the implementing partners in accordance with the terms of the agreements signed with respective implementing partners and unutilised overspent amount as per such certificate is shown as amount recoverable/payable from/to implementing partners under loans and advances / trade payables as at balance sheet date.

t) Earnings per share

i) Basic earnings per share is calculated by dividing:

- the surplus attributable to equity shareholders of the Company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resource.

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

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares. (Also, refer note 27)

u) Segment reporting

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

The board of directors assesses the financial performance and position of the Company, and makes strategic decisions. Refer Note 26 for segment information.

v) Rounding off amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest "Hundreds ('00)" as per the requirement of Schedule III of the Companies Act, 2013, unless otherwise stated.

1C. Critical estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies.

The areas involving critical estimates or judgements are:

- Estimation of defined benefit obligation – Note 22
- Estimation of useful lives of tangible assets – Note 1 (m)
- Estimation of useful lives of intangible assets – Note 1 (n)
- Impairment assessment of Investment in joint ventures
- Uncertain tax position - Note 21(c)

NOTES TO FINANCIAL STATEMENTS

2. PROPERTY, PLANT AND EQUIPMENT

	Computers*	Vehicles	Furniture and Fixtures	Office Equipment*	Leasehold improvements**	Total
Year ended March 31, 2020						
Gross carrying amount						
Opening gross carrying amount	13,784	14,962	7,750	6,731	89,353	1,32,580
Additions*	7,637	346	-	2,498	-	10,481
Disposals and transfers	2,270	13,539	200	1,330	-	17,339
Closing gross carrying amount	19,151	1,769	7,550	7,899	89,353	1,25,722
Accumulated depreciation						
Opening accumulated depreciation	8,618	6,909	2,988	4,527	32,168	55,210
Depreciation charge during the year	4,829	567	1,314	1,323	34,424	42,457
Disposals and transfers	1,860	6,438	200	1,015	-	9,513
Closing accumulated depreciation	11,587	1,038	4,102	4,835	66,592	88,154
Net carrying amount as at March 31, 2020**	7,564	731	3,448	3,064	22,761	37,568
Year ended March 31, 2021						
Gross carrying amount						
Opening gross carrying amount	19,151	1,769	7,550	7,899	89,353	1,25,722
Additions*#	2,654	-	5,747	19,938	3,08,614	3,36,953
Disposals and transfers	1,026	-	3,899	388	19,916	25,229
Closing gross carrying amount	20,779	1,769	9,398	27,449	3,78,051	4,37,446
Accumulated depreciation						
Opening accumulated depreciation	11,587	1,038	4,102	4,835	66,592	88,154
Depreciation charge during the year	5,207	228	560	1,518	2,845	10,358
Disposals and transfers	826	-	2,189	388	-	3,403
Closing accumulated depreciation	15,968	1,266	2,473	5,965	69,437	95,109
Net carrying amount as at March 31, 2021**	4,811	503	6,925	21,484	3,08,614	3,42,337

* The additions amounting to Rs. NIL (March 31, 2020 Rs. 4,983) is on account of purchase of Computers and Office Equipments out of restricted grant. (Refer note 32)

** The opening and closing balances amounting to Rs. 4,172 and Rs. 1,720 respectively is on account of purchase of Computers and Office Equipments out of restricted grant. (Refer Note 32)

3. RIGHT-OF-USE ASSETS

	As at March 31, 2021	As at March 31, 2020
Right-of -use assets*		
Building (refer note 36)#	6,23,062	9,23,567
Net carrying amount as at March 31, 2021*	6,23,062	9,23,567

* As on March 31, 2019, no leased assets were part of Property, Plant and Equipment. Pursuant to the adoption of Ind-AS 116, leased assets are presented in a separate sub-line item in the balance sheet since March 31, 2020. Refer to note 36 for impact on these financial statements as at March 31, 2020 and for the year then ended consequent to adoption of IndAS 116.

\# It also includes the initial estimate of the costs of dismantling, removing the item and restoring the site on which it is located, amounting to Rs. 20,985 (March 31, 2020 - Rs. Nil) referred to as Asset Restoration Obligation.

4. INTANGIBLE ASSETS

	Computer softwares
Year ended March 31, 2020	
Gross carrying amount	
Opening gross carrying amount	456
Additions	-
Disposals and transfers	-
Closing gross carrying amount	456
Accumulated amortisation	
Opening accumulated amortisation	288
Amortisation during the year	66
Disposals and transfers	-
Closing accumulated amortisation	354
Net carrying amount as at March 31, 2020	102
Year ended March 31, 2021	
Gross carrying amount	
Opening gross carrying amount	456
Additions	-
Disposals and transfers	-
Closing gross carrying amount	456
Accumulated amortisation	
Opening accumulated amortisation	354
Amortisation during the year	15
Disposals and transfers	-
Closing accumulated amortisation	369
Net carrying amount as at March 31, 2021	87

5. INVESTMENTS

	As at March 31, 2021	As at March 31, 2020
Non current		
Joint ventures (At Cost):		
- Delhi Integrated Multi-Modal Transit System Limited	14,72,897	14,72,897
[73,045 shares (March 31, 2020- 73,045 shares) of Rs. 1,000 each]		
- Infrastructure Development Corporation (Karnataka) Limited	15,48,326	15,48,326
[4,948,996 shares (March 31, 2020- 4,948,996 shares) of Rs. 10 each]		
Total	30,21,223	30,21,223
Current		
Mutual funds (At fair value through profit and loss) - unquoted		
- IDFC Banking and PSU Debt Fund- Growth-Direct Plan- Growth	8,62,262	11,11,911
[4,412,686.678 units (March 31, 2020- 6,189,626.13 units) of Rs. 10 each]		
- IDFC Bond Fund - Short Term Plan-Growth- (Direct Plan) (formerly known as IDFC Super Saver Income Fund - Short Term Plan-Growth-(Direct Plan))	-	77,098
[Nil units (March 31, 2020- 177,797.67 units) of Rs. 10 each]		
Trust units (At fair value through profit and loss) - unquoted		
- India Infrastructure Initiative Trust	713	713
[12 units (March 31, 2020- 12 units) of Rs. 1,000 each]		
Total	8,62,975	11,89,722
Total investments	38,84,198	42,10,945

i) Market value of investments in unquoted mutual funds/trust units represents the repurchase price of the units issued by the mutual funds/trust.

ii) Information regarding the valuation methodologies are disclosed

	As at March 31, 2021	As at March 31, 2020
Aggregate amount of unquoted investments	38,84,198	42,10,945
Aggregate amount of impairment in value of investments	-	-
Total	38,84,198	42,10,945

NOTES TO FINANCIAL STATEMENTS

6. LOANS

	As at March 31, 2021	As at March 31, 2020
Non current		
Security Deposit	1,97,911	2,73,762
Total	1,97,911	2,73,762
Loans receivables considered good - Unsecured	1,97,911	2,73,762
Total	1,97,911	2,73,762
Current		
Security Deposit	900	1,700
Other loans and advances (Prepaid Expenses)	11,987	9,318
Total	12,887	11,018
Loans receivables considered good - Unsecured	12,887	11,018
Total	12,887	11,018
Total loans	2,10,798	2,84,780

7. OTHER FINANCIAL ASSETS

	As at March 31, 2021	As at March 31, 2020
Non current		
Earmarked Bank Balance:		
- Balance held as margin money#	-	8,892
Total	-	8,892
Current		
Interest accrued on fixed deposits	4,574	53,102
Total	4,574	53,102
Total other financial assets	4,574	61,994

Bank deposits are under lien with banks against bank guarantees and are restricted from being exchanged or used to settle a liability for more than 12 months from the balance sheet date.

8. OTHER ASSETS

	As at March 31, 2021	As at March 31, 2020
Non current		
Income tax paid in advance* (Net of provision of Rs. NIL (March 31, 2020 Rs. 85,550)	1,52,315	3,23,973
Balance with government authorities	14,684	1,398
Capital Advance	1,872	-
Total	1,68,871	3,25,371
Current		
Advance to Implementing Partners	11,879	90,927
Total	11,879	90,927
Total other assets	1,80,750	4,16,298

NOTES TO FINANCIAL STATEMENTS

9. CASH AND CASH EQUIVALENTS

	As at March 31, 2021	As at March 31, 2020
Cash on hand	122	194
Balances with banks:		
- In savings accounts*	1,29,921	76,368
Total	1,30,043	76,562

* Earmarked Rs. 37,313 (March 31, 2020 - Rs. 59,817) against restricted grants (refer note 32)

* The Company has not taken bank overdraft, therefore the cash and cash equivalents for the Statement of Cash Flows is same as cash and cash equivalents given above.

10. BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS ABOVE

	As at March 31, 2021	As at March 31, 2020
Balances with banks:		
- In deposit accounts*#	3,47,401	1,179,044
Total	3,47,401	1,179,044

* Earmarked Rs. 335,373 (March 31, 2020 - Rs. 544,496) against restricted grants (refer note 32)

\# Bank deposits amounting to Rs. 9,779 (March 31, 2020 - Rs. NIL) are under lien with banks against bank guarantees which expired on March 31, 2020 but yet to be released by the Bank and are restricted from being exchanged or used to settle a liability.

11. EQUITY SHARE CAPITAL

Authorised equity share capital

	Number	Rs.
As at April 1, 2019	2,00,00,000	20,00,000
Increase during the year	-	-
As at March 31, 2020	2,00,00,000	20,00,000
Increase during the year	-	-
As at March 31, 2021	2,00,00,000	20,00,000

a) Movements in equity share capital

	Number	Rs.
As at April 1, 2019	1,30,00,000	13,00,000
Shares Issued during the year	-	-
As at March 31, 2020	1,30,00,000	13,00,000
Shares Issued during the year	-	-
As at March 31, 2021	1,30,00,000	13,00,000

b) Terms and rights attached to equity shares

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

As per clause X of Memorandum of Association (MoA), in the event of liquidation of the Company, the holders of equity shares will not be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The amount remaining, if any shall be transferred to such other company having similar objects, to be determined by the members of the Company at or before the time of dissolution or in default thereof by the High Court of Judicature that has or may acquire jurisdiction in the matter.

As per the License under Section 25 of the Companies Act, 1956 as granted by the office of the Regional Director, Ministry of Corporate Affairs, Government of India vide letter dated March 4, 2011, the income and property of the Company whenever derived, shall be applied solely for the promotion of the objects as set forth in the Memorandum of Association and no portion thereof shall be paid or transferred, directly or indirectly by way of dividend, bonus or otherwise by way of profit to persons who at any time are or have been Members of the Company or to any of them or to any person claiming through any one or more of them.

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

Equity shareholders	As at March 31, 2021		As at March 31, 2020	
	Number	% holding	Number	% holding
IDFC Limited and its nominees	13,000,000	100%	13,000,000	100%

d) Details of shares held by holding company

Equity shareholders	As at March 31, 2021		As at March 31, 2020	
	Number	% holding	Number	% holding
IDFC Limited and its nominees	13,000,000	100%	13,000,000	100%

12. RESERVE AND SURPLUS

	As at March 31, 2021	As at March 31, 2020
Surplus in the Statement of Income and Expenditure [refer note (a) below]	32,97,790	42,16,329
Total	32,97,790	42,16,329

a) Surplus in the statement of income and expenditure

	As at March 31, 2021	As at March 31, 2020
Opening balance	42,16,329	50,18,191
(Deficit)/ Surplus for the year	(9,30,397)	(7,98,351)
Items of other comprehensive income/(loss) recognised directly in surplus:		
- Remeasurements of post employment benefit obligations	11,858	(3,511)
Closing balance	32,97,790	42,16,329

13. FINANCIAL LIABILITIES

	As at March 31, 2021		As at March 31, 2020	
	Current	Non-Current	Current	Non-Current
Lease Liabilities (refer note 36)	1,38,689	4,85,989	1,68,412	7,10,635
Total	1,38,689	4,85,989	1,68,412	7,10,635

14. TRADE PAYABLES

	As at March 31, 2021	As at March 31, 2020
Trade payables		
- total outstanding dues of micro and small enterprises [refer note 33]	-	-
- total outstanding dues of creditors other than micro and small enterprises	45,457	21,336
Total	45,457	21,336

15. PROVISIONS

	As at March 31, 2021		As at March 31, 2020	
	Current	Non-Current	Current	Non-Current
Provision for gratuity [refer note 22(b)]	-	13,075	-	6,839
Accrued variable pay	-	-	35,000	-
Asset Restoration Obligations* (Refer note 3)	-	20,985	-	-
Total	-	34,060	35,000	6,839

*** Movement in Asset Restoration Obligations**

	Year ended March 31, 2021	Year ended March 31, 2020
At the beginning of year	-	-
Provision created during the year #	20,985	-
Reversed during the year	-	-
At the end of year	20,985	-

\# It includes the initial estimate of the costs of dismantling, removing the item and restoring the site on which it is located, amounting to Rs. 20,985 (March 31, 2020 - Rs. Nil) referred to as Asset Restoration Obligation.

16. OTHER LIABILITIES

	As at March 31, 2021		As at March 31, 2020	
	Current	Non-Current	Current	Non-Current
Statutory dues	27,321	-	21,074	-
Employee benefit payable	6,969	-	5,292	-
Deferred revenue*	967	753	2,452	1,720
Retention money	11,347	-	-	-
Liability for restricted grants [refer note 32(a)]	3,73,908	-	7,01,771	-
Total	4,20,512	753	7,30,589	1,720

*Deferred revenue is on account of Purchase of Computers and Office Equipments out of restricted grant [Refer note 32(b)]

17. REVENUE FROM OPERATIONS

	Year ended March 31, 2021	Year ended March 31, 2020
Voluntary contributions		
- Corpus donations	74,200	1,04,660
- Other donations	40,288	-
Restricted grants [refer note 32(a)]*#	8,38,983	6,69,826
Total	9,53,471	7,74,486

* Includes of Rs. 2,452 (March 31, 2020 Rs. 811) related to income on account of depreciation charged on Property, Plant and Equipment procured out of restricted grant. [Refer note 20 and 32(b)]

\# Includes Rs. 677,076 (March 31, 2020 Rs. 637,778) related to revenue recognized out of restricted grants received under Foreign Contribution Regulation Acts, 2010.

18A. OTHER GAIN/(LOSSES)

	Year ended March 31, 2021	Year ended March 31, 2020
Net gain on fair value of investments measured at fair value through profit or loss	69,562	39,468
Gain on sale of investments measured at fair value through profit or loss	31,327	57,745
Profit on sale of Property, Plant and Equipment (net)	6,829	368
Total	1,07,718	97,581

18B. OTHER INCOME

	Year ended March 31, 2021	Year ended March 31, 2020
Interest on deposits with banks*	29,110	84,593
Interest on income tax refund	3,563	3,266
Sitting fees	3,440	2,610
Rent Concession / Waiver (refer note 36)	13,300	-
Gain on termination of lease	2,082	-
Interest on unwinding of deposit (refer note 36)	18,783	22,021
Total	70,278	1,12,490

* Interest income from deposits earmarked for restricted grants amounting to Rs. 21,348 (March 31, 2020 Rs.38,676) has been transferred to "Restricted grants". Refer note 32 (a)

19. EMPLOYEE BENEFIT EXPENSE#

	Year ended March 31, 2021	Year ended March 31, 2020
Salaries, wages and bonus	4,58,463	4,91,328
Contribution to provident and other funds* [refer note 22(a)]	26,278	27,074
Gratuity [refer note 22(b)]	24,933	18,250
Staff welfare expenses	11,662	14,561
Stipend	-	6,616
Total	5,21,336	5,57,829

* includes administration charges and National Pension Scheme Fund of Rs. 1,240 (March 31, 2020 Rs. 1,323)

\# includes expenses made out of restricted grants [refer note 32(b)]

20. DEPRECIATION AND AMORTISATION EXPENSE

	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation of property, plant and equipment (refer note 2)*	4,58,463	4,91,328
Amortisation of intangible assets (refer note 4)	15	66
Depreciation on Right-of-Use assets (RoU) (refer note 3)	1,83,222	96,617
Total	1,93,595	1,39,140

* includes depreciation of Rs. 2,523 (March 31, 2020 Rs. 811) on computers and office equipments purchased out of restricted grants [refer note 17 and 32(b)]

21A. OTHER EXPENSES

	Year ended March 31, 2021	Year ended March 31, 2020
Grants to implementing partners*	1,12,605	2,45,947
Project expenses(COVID19)*	2,10,067	-
Electricity and water expenses*	5,933	3,474
Legal and professional charges*	1,43,591	2,13,283
Fee for research fellows*	3,59,161	3,10,704
Lease rent (other than Ind-AS 116)*	9,299	10,739
Rates and taxes* [refer note 35(a)]	19,435	2,785
Repairs and maintenance - others*	24,738	34,506
Communication costs*	4,802	8,022
Travelling, hotel and conveyance*	9,566	1,69,623
Printing and stationery*	81	7,834
Payments to Statutory auditors [refer note (a) below]*	13,258	13,062
Other financial asset written off	-	2,478
Books and periodicals*	7,699	6,243
Training and conference*	803	11,077
Sitting fee to directors	2,250	3,835
Bank charges*	175	264
License Fees*	7,264	2,039
Miscellaneous expenses*	2,085	5,366
Total	9,32,812	10,51,281

*includes expenses made out of restricted grants [refer note 32(b)]

NOTES TO FINANCIAL STATEMENTS

a) Breakup of Statutory Auditors' remuneration (including Goods and Service Tax)

	Year ended March 31, 2021	Year ended March 31, 2020
Audit fees*	5,900	8,850
Tax audit fees	1,180	1,180
Other audit related services		
- Review of Special purpose financial information#	4,213	885
- Certification	1,475	1,180
Out-of-pocket expenses	490	967
Total	13,258	13,062

* includes audit fees amounting to Rs. NIL (March 31, 2020 - Rs. 2,950) relating to year ended March 31, 2019.

\# includes fees for Review of Special purpose financial information amounting to Rs. 1,505 (March 31, 2020- NIL) relating to year ended March 31, 2020.

21B. FINANCE COSTS

	Year ended March 31, 2021	Year ended March 31, 2020
Interest on lease liabilities [refer note 36]	64,484	34,658
Total	64,484	34,658

21C. INCOME TAX

(i) The Company is registered under Section 12A read With Section I2AA of the Income Tax Act, 1961 in India vide Commissioner of Income Tax's communication reference letter no NQ.DIT(E)I2012-13/DEL-IR22385-27092012/803 ("Approval Letter") and accordingly, is exempt from paying income taxes on excess of revenue over expenses subject to compliance with the conditions as stipulated in aforesaid Approval Letter. The Company is also registered under section 8OG of the Income Tax Act, 1961. Since the income of the Company is exempt from paying taxes, no provision for tax expense and deferred tax asset/liability has been recognised.

(ii) This note provides an analysis of the Company's income tax expense, and amounts that are recognised directly in equity and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the Company's tax positions.

	Year ended March 31, 2021	Year ended March 31, 2020
Income tax expense		
Current tax		
Current tax on profits for the year	-	-
Adjustments for current tax of prior periods [refer note (a) below]	3,49,637	-
Total current tax expense	3,49,637	-
Deferred tax		
Decrease (increase) in deferred tax assets	-	-
(Decrease) increase in deferred tax liabilities	-	-
Total deferred tax expense/(benefit)	-	-
Income tax expense	3,49,637	-
Income tax expense is attributable to:		
Profit from continuing operations	3,49,637	-
Profit from discontinued operation	-	-
Total	3,49,637	-

Note (a)

During the year ended March 31, 2021 the Company paid Rs. 360,953 consequent to demand raised by the tax authorities pursuant to the applications filed by the Company under Vivaad se Vishwaas tak Scheme for Assessment year 2012-13, 2013-14 and 2014-15. The resultant net impact of adjusting provision of tax and tax deducted at source of (Rs. 11,316) has also been recognised in Statement of Income and Expenditure for the year ended March 31, 2021.

(iii) The management periodically evaluates the position taken in tax returns with respect to situation in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty. Also refer note 28 to these financial statements.

22. EMPLOYEE BENEFIT OBLIGATIONS

a) Defined contribution plans

The Company has recognised the following amounts in the Statement of Income and Expenditure towards contribution to defined contribution plans which are included under contribution to provident and other funds in note 19:

	Year ended March 31, 2021	Year ended March 31, 2020
Provident fund	24,778	24,804
Superannuation fund	260	947
Total	25,038	25,751

b) Defined benefit plan

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

The following tables summarises the components of net benefit expense recognised in the Statement of Income and Expenditure and the funded status and amounts recognised in the Balance Sheet for the respective plans:

i) Balance Sheet

	Present value of obligation	Fair value of plan assets	Net amount
As at April 1, 2019	84,436	85,378	(942)
Current service cost	18,324	-	18,324
Interest expense/(income)	6,518	-	6,518
Return on plan assets	-	6,592	(6,592)
Actuarial loss / (gain) arising from change in financial assumptions	11,924	78	11,846
Actuarial loss / (gain) arising on account of experience changes	(8,335)	-	(8,335)
Employer contributions	-	13,980	(13,980)
Benefit payments	(10,237)	(10,237)	-
As at March 31, 2020	1,02,630	95,791	6,839
Current service cost	24,475	-	24,475
Interest expense/(income)	6,714	-	6,714
Return on plan assets	-	6,256	(6,256)
Actuarial loss / (gain) arising from change in financial assumptions	(1,788)	1,863	(3,651)
Actuarial loss / (gain) arising on account of experience changes	(8,207)	-	(8,207)
Employer contributions	-	6,839	(6,839)
Benefit payments	(11,234)	(11,234)	-
As at March 31, 2021	1,12,590	99,515	13,075

	As at March 31, 2021	As at March 31, 2020
Present value of plan liabilities	1,12,590	1,02,630
Fair value of plan assets	99,515	95,791
Plan liability net of plan assets (refer note 15)	13,075	6,839

ii) Statement of income and expenditure

	Year ended March 31, 2021	Year ended March 31, 2020
Employee Benefit Expenses:		
Current service cost	24,475	18,324
Losses assumed on acquisition / (gains) on divestiture	-	-
Finance cost	458	(74)
Total expense charged to statement of income and expenditure (refer note 19)	24,933	18,250

	Year ended March 31, 2021	Year ended March 31, 2020
Remeasurements of the net defined benefit liability:		
Actuarial gains/(losses) arising from changes in demographic assumptions	-	-
Actuarial gains/(losses) arising from changes in financial assumptions	(1,788)	11,924
Actual return on plan assets less interest on plan assets	(1,863)	(78)
Actuarial gains/(losses) arising from changes in experience	(8,207)	(8,335)
Adjustment to recognise the impact of asset ceiling	-	-
Amount recognised in other comprehensive income	(11,858)	3,511

iii) **Defined benefit plans assets**

Category of assets (% allocation)	Year ended March 31, 2021		Year ended March 31, 2020	
	%	**Amount**	**%**	**Amount**
Insurer managed funds				
- Government securities	33%	32,840	19%	17,875
- Deposit and money market securities	4%	3,981	1%	1,341
- Debentures / bonds	63%	62,694	80%	76,575
Total	100%	99,515	100%	95,791

iv) **Actuarial assumptions**

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

	As at March 31, 2021	As at March 31, 2020
Discount rate (%)	6.85	6.70
Salary escalation rate* (%)	9.00	9.00

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

v) **Demographic assumptions**

Mortality in Service :

Indian Assured Lives Mortality (2012-14)

vi) **Sensitivity**

As at March 31, 2021	Change in assumption	Impact on defined benefit obligation (For the year ended March 31, 2021)	
		Increase	Decrease
Discount rate	50 bps	-5.17%	5.61%
Salary escalation rate	50 bps	5.47%	-5.09%

As at March 31, 2020	Change in assumption	Impact on defined benefit obligation (For the year ended March 31, 2020)	
		Increase	Decrease
Discount rate	50 bps	-5.14%	5.61%
Salary escalation rate	50 bps	5.46%	-5.06%

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

23. FAIR VALUE MEASUREMENT

a) Financial instruments classified by categories :

	Fair value through profit and loss		Amortised cost	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Financial assets				
Investment in mutual funds	8,62,262	11,89,009	-	-
Investment in trust units	713	713	-	-
Security deposits	-	-	1,98,811	2,75,462
Loans	-	-	11,987	9,318
Trade receivables	-	-	-	-
Cash and cash equivalents	-	-	1,30,043	76,562
Bank balance other than cash and cash equivalents above	-	-	3,47,401	11,79,044
Other financial assets	-	-	4,574	61,994
Total financial assets	8,62,975	11,89,722	6,92,816	16,02,380
Financial liabilities				
Trade payables	-	-	45,457	21,336
Other financial liabilities	-	-	6,24,678	8,79,047
Total financial liabilities	-	-	6,70,135	9,00,383

b) Financial instruments classified by hierarchy :

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

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

The hierarchies used are as follows:

Level 1 - Hierarchy includes financial instruments measured using quoted price. The fair value of mutual fund units and trust units is determined using Net Asset Value, which represents the repurchase price at which the issuer will redeem the units from investor.

Level 2 - The fair value of financial instruments that are not traded in an active market is determined using valuation technique which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3 - If one or more of the significant inputs is not based on observable market data, the instrument is include in level 3.

As at March 31, 2021

Assets measured at FVTPL	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Investment in mutual funds	5	8,62,262	-	-	8,62,262
Investment in trust securities	5	713	-	-	713
Total financial assets		8,62,975	-	-	8,62,975

As at March 31, 2021

Assets and liabilities measured at amortised cost	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Security deposits	6	-	-	1,98,811	1,98,811
Loans	6	-	-	11,987	11,987
Other financial assets	7	-	-	4,574	4,574
Total financial assets		-	-	2,15,372	2,15,372
Financial liabilities					
Trade payables	14	-	-	45,457	45,457
Other financial liabilities	13	-	-	6,24,678	6,24,678
Total financial liabilities		-	-	6,70,135	6,70,135

As at March 31, 2020

Assets measured at FVTPL	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Investment in mutual funds	5	11,89,009	-	-	11,89,009
Investment in trust securities	5	713	-	-	713
Total financial assets		11,89,722	-	-	11,89,722

As at March 31, 2020

Assets and liabilities measured at amortised cost	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Security deposits	6	-	-	2,75,462	2,75,462
Loans	6	-	-	9,318	9,318
Other financial assets	7	-	-	61,994	61,994
Total financial assets		-	-	3,46,774	3,46,774
Financial liabilities					
Trade payables	14	-	-	21,336	21,336
Other financial liabilities	13	-	-	8,79,047	8,79,047
Total financial liabilities		-	-	9,00,383	9,00,383

c) Valuation technique used to determine fair value

i) Level 1 financial instruments are measured at market value of investments which represents the repurchase price of the units issued by the mutual funds/trust.

ii) The fair valuation of Level 3 financial instruments is determined using discounted cash flow analysis, where the discounting rate used is adjusted for companies own credit risk.

d) Valuation Process

The finance department of the Company includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. The current market borrowing rates of the Company are compared with relevant market matrices as at the reporting dates to arrive at the discounting rates.

e) Fair value of financial assets and financial liabilities that are not measured at fair value

The fair values of trade receivables, trade payables, other receivables, short term loans advances, short-term security deposits, bank deposits, other payables and cash and cash equivalents are equal to their carrying amounts due to the current and short-term nature of such balances. Further the Company considers fair value of non current financial assets measured at amortised cost approximates their carrying value.

24. FINANCIAL RISK MANAGEMENT

The Company monitors and manages the financial risks relating to the operations of the Company through internal Management Information System reports which analyse the exposure by degree and magnitude of risks. These risks includes market risk (Interest rate risk, currency risk and other price risk), credit risk and liquidity risk.

a) Market risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the value of a financial asset. The value of a financial asset may change as a result of changes in the interest rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments in mutual funds.

i) Fair value interest rate risk

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

The Company is exposed to interest rate risk from investments held in debt oriented mutual fund units. These funds invests in debt securities like T-bills, Gsec, and corporate bonds. The exposure to interest rate risk in case of units backed by debt securities is measured using sensitivity analysis as follows:

Exposure

	As at March 31, 2021	As at March 31, 2020
IDFC Bond Fund - Short Term Plan-Growth- (Direct Plan) (formerly known as IDFC Super Saver Income Fund - Short Term Plan-Growth-(Direct Plan))	-	77,098
IDFC Corporate Bond Fund Direct Plan - Growth	-	-
IDFC Banking & PSU Debt Fund- Growth-Direct Plan- Growth	8,62,262	11,11,911
Total	8,62,262	11,89,009

Sensitivity

	Impact on Surplus/(deficit) after tax*	
	Year ended March 31, 2021	Year ended March 31, 2020
91 days T-bill : Increase 100 bps (previous year 100 bps)	28,955	60,988
91 days T-bill : Decrease 100 bps (previous year 100 bps)	(28,955)	(60,988)

* Profit for the period would change as a result of gain/loss on debt securities classified as at fair value through profit or loss.

ii) Foreign currency risk:

The Company does not have any currency exposures in respect of financial assets and financial liabilities as at the balance sheet date that will result in net currency gains or losses in the Statement of Income and Expenditure due to change foreign currency exchange rates. This mitigates the foreign currency risk exposure for the Company.

iii) Price risk:

The Company does not holds investments in equity instruments as at balance sheet date that will results in fair value gains or losses due to change in market reference price of the investments. Therefore, the price risk is perceived to be insignificant.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The principal sources of liquidity of the Company are cash and cash equivalents and the cash flow that is generated from donations. The Company believes that current cash and cash equivalents and cash flow that is generated from donations is sufficient to meet the requirements. Accordingly, the liquidity risk is perceived to be insignificant. The following table shows the maturity analysis of financial liabilities of the Company based on contractually agreed undiscounted cash flows as at the Balance Sheet date:

As at March 31, 2021	Note No.	Less than 12 months	More than 12 months	Total
Trade payable	14	45,457	-	45,457
Lease liabilities	13	1,38,689	4,85,989	6,24,678
Asset Restoration Obligations	15	-	20,985	20,985
Total		1,84,146	5,06,974	6,91,120

As at March 31, 2020	Note No.	Less than 12 months	More than 12 months	Total
Trade payable	14	21,336	-	21,336
Other financial liabilities	13	1,68,412	7,10,635	8,79,047
Asset Restoration Obligations	15	-	-	-
Total		1,89,748	7,10,635	9,00,383

c) Credit risk

The Company is exposed to credit risk on its financial assets, which comprise cash and cash equivalents, bank deposits, trade receivables and loan receivables . The exposure to credit risks arises from the potential failure of counterparties to meet their obligations. The maximum exposure to credit risk at the reporting date is the carrying amount of the financial instruments.

i) Trade receivables and loan receivables

The Company does not have any trade receivable and loan receivables as at year end.

ii) Other financial assets

Cash and cash equivalents, bank deposits are held with only high rated banks/financial institutions, credit risk on them is therefore insignificant. The Company holds investments in debt oriented mutual fund units that are measured at fair value through profit and loss. The Company has no significant concentration of credit risk.

25. CAPITAL MANAGEMENT

The Company has charitable and non-profit objectives. The primary objective of the Company is not to maximise the wealth for the shareholders. However, the Company does aim at analysing working capital management to fulfill the financial obligations and funding requirements. The Company prepares annual budgets and business plans to determine the funding requirements. Funding requirements are primarily fulfilled through grants received by the Company.

26. SEGMENT INFORMATION

The Company is domiciled in India. The primary focus of the Company to contribute to the economic benefit to society, social infrastructure (education, healthcare, water and sanitation) and other engagements in research and studies, which is considered to be the only reportable business segment (in accordance with Ind AS 108). All other activities revolve around the main business. The Company does not have any geographical segment.

NOTES TO FINANCIAL STATEMENTS

a) Segment revenue

The Company operates as a single segment. The segment revenue is measured in the same way as in the Statement of Income and Expenditure.

	Year ended March 31, 2021	Year ended March 31, 2020
Segment revenue		
- In India	11,31,467	9,84,557
- Outside India	-	-
Total	11,31,467	9,84,557

b) Segment assets and segment liabilities

	Year ended March 31, 2021	Year ended March 31, 2020
Segment assets		
- In India	57,23,250	71,90,860
- Outside India	-	-
Total	57,23,250	71,90,860
Segment liabilities		
- In India	7,62,927	9,83,618
- Outside India [refer note 32(a)]	3,62,533	6,90,913
Total	11,25,460	16,74,531

27. EARNINGS PER SHARE

As per the License under Section 25 of the Companies Act, 1956 as granted by the office of the Regional Director, Ministry of Corporate Affairs, Government of India vide its letter dated March 4, 2011, the income and property of the Company whenever derived, shall be applied solely for the promotion of the objects as set forth in the Memorandum of Association and no portion thereof shall be paid or transferred, directly or indirectly by way of dividend, bonus or otherwise by way of profit to persons who at any time are or have been Members of the Company or to any of them or to any person claiming through any one or more of them. Consequently, disclosure related to earning per share has not been given.

28. CONTINGENT LIABILITIES

	As at March 31, 2021	As at March 31, 2020
Claims against the Company not acknowledged as debts:		
- Income tax demands pending disposal by the tax authorities (including interest and excluding penalty)[refer note (a) below]	13,56,419	7,00,755
- Claim against company for non-performance of a contract (including penalty) not acknowledged as debt	97,350	-

Note (a):

i) The above amount is after netting off with amount provided Rs. Nil (March 31, 2020 Rs. 85,500) [refer note 8]

ii) The above amount does not include amount deposited under protest against the demands Rs. 80,140 (March 31, 2020 Rs. 194,874) and amount of Rs. 23,301 for the Financial Year 2016-2017 (March 31, 2020 Rs. 18,348 for the Financial Year 2011-2012) adjusted by the tax authorities against aforesaid demand. [refer note 8]

29. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Company.

30. CAPITAL COMMITMENTS

i) The estimated amount of contracts remaining to be executed on capital amount and not provided for [net of advances of Rs. 1,872 (March 31, 2020 - Rs. Nil)] amounts to Rs. 761 (March 31, 2020: Rs. Nil).

ii) The Company has long-term contracts as at March 31, 2021 for which there are no material foreseeable losses. The Company did not have any derivative contracts as at March 31, 2021 (March 31, 2020: Rs. Nil).

31. OPERATING LEASE COMMITMENTS – COMPANY AS LESSEE

The Company has acquired premises under cancellable operating lease arrangements. The total lease rentals recognised as expenses under the above lease agreement during the year ended March 31, 2021 is Rs. 9,299 (March 31, 2020 is Rs. 10,739) . From April 1, 2019 the Company has recognised right-of-use assets for these leases except for short term leases. Refer note 36 for further information.

NOTES TO FINANCIAL STATEMENTS

32. RESTRICTED GRANTS

		Year ended March 31, 2021	Year ended March 31, 2020
	(a) Liability for restricted grants		
i	Opening balance	7,01,771	3,43,525
ii	Restricted grants received during the year [including interest income of Rs. 21,348 (March 31, 2020: Rs 38,676)]	5,08,668	10,62,903
iii	Restricted grants utilised during the year [refer note (b) below]	8,36,531	7,04,657
	Closing balance	3,73,908	7,01,771

		Year ended March 31, 2021	Year ended March 31, 2020
	(b) Restricted grants utilised		
i	Fee for research fellows	2,49,140	2,15,129
ii	Legal and professional charges	77,517	1,16,416
iii	Grants to implementing partners	1,08,011	1,36,116
iv	Employee benefit expense	1,29,131	74,280
v	Lease rent	95,892	60,143
vi	Travelling, hotel and conveyance	235	29,417
vii	Printing and stationery	-	4,582
viii	Project expense (Covid19)	1,61,978	-
ix	Books and periodicals	3,360	359
x	Communication costs	1,047	4,536
xi	Repairs and maintenance - Others	8,745	17,012
xii	Bank charges	91	209
xiii	Electricity and water expenses	780	1,742
xiv	Training and conference	-	5,307
xv	Depreciation on Property, plant and equipment (recognition of income through deferred revenue)	-	811
xvi	Licensee Fees	603	-
xvii	Miscellaneous expenses	1	3,767
	Expenses as per Statement of Income and Expenditure	8,36,531	6,69,826
xviii	Property plant and equipment [refer note 2 and 16]	-	4,172
xix	Re-grant to partner of Water.org	-	30,659
	Total	8,36,531	7,04,657

During the year ended March 31, 2020, the Company purchased Computers and Office Equipments amounting to Rs. 4,983 out of restricted grant. The depreciation charge on the same amounting to Rs. 2,452 (March 31, 2020 - Rs. 811) has been recognized as revenue out of deferred revenue. However, the utilization of restricted funds for the year ended March 31, 2021 does not include aforesaid depreciation charge, being non-cash expenses. (Refer note 17)

33. (a) Based on the information available with the Company, the balance due to Micro and Small Enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act") is Rs. Nil (March 31,2020: Rs. Nil) and no interest during the year has been paid or is payable under the terms of MSMED Act. Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of the information collected by the management.

(b) The Company has no dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows (also refer note 14):

		Year ended March 31, 2021	Year ended March 31, 2020
a.	Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	-	-
b.	Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	-	-
c.	Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-

		Year ended March 31, 2021	Year ended March 31, 2020
d.	Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
e.	Interest paid, other than under Section 16 of MSMED Act,to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
f.	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 MSMED Act	-	-
g.	Interest accrued and remaining unpaid at the end of each accounting year	-	-
h.	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 MSMED Act	-	-

34. RELATED PARTY TRANSACTIONS

a) Parent entity

Name	Type	Place of Incorporation	Ownership interest	
			As at March 31, 2021	As at March 31, 2020
IDFC Limited	Parent	India	100%	100%

b) Joint ventures

Delhi Integrated Multi-Modal Transit System Limited
Infrastructure Development Corporation (Karnataka) Limited
India PPP Capacity Building Trust, subsidiary of Infrastructure Development Corporation (Karnataka) Limited
Uttrakhand Infrastructure Development Company Limited (under Liquidation)

c) Fellow subsidiaries

IDFC Financial Holding Company Limited
IDFC Alternatives Limited
IDFC Asset Management Company Limited

d) Associate of Parent Entity

IDFC First Bank Limited (earlier known as IDFC Bank Limited)

e) Key management personnel

Dr. Reuben Abraham - Chief Executive Officer (with effective from June 06, 2019)
Mr. Gopal Chandra Mondal - Chief Financial Officer
Mr. Prashant Kumar - Secretary

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Short-term employee benefits	1,44,330	1,15,821
Total	1,44,330	1,15,821

Note:- As gratuity is computed for all the employees in aggregate, the amount relating to the Key Managerial Personnel cannot be individually identified.

NOTES TO FINANCIAL STATEMENTS

(All amounts in INR Hundred's unless otherwise stated)

f) Transactions with related parties

Name of the related party	Nature of Transactions	Year ended March 31, 2021	Year ended March 31, 2020
IDFC Limited	Reimbursement of expenses by the Company *	-	13,554
	Corpus donation received	36,100	76,000
	Letter of Support	Refer Note (i) below	None
Infrastructure Development Corporation (Karnataka) Limited	Sitting fees received	140	60
	Lease rent charges*	4,673	2,336
	Reimbursement of expenses by the Company *	1,278	991
IDFC First Bank Limited	Interest income from bank deposits	28,123	82,128
	Lease rent charges*	-	1,964
	Purchase of Property, Plant and Equipment*	-	346
	Amount deposited in the bank account (including interest net of TDS)	19,56,055	24,49,906
	Amount withdrawal from the bank account	18,95,607	24,46,207
	Term deposits placed	6,23,888	12,97,754
	Term deposits matured	12,55,299	20,81,875
Delhi Integrated Multi-Modal Transit System Limited	Sitting fees received	3,300	2,550
IDFC Alternatives Limited	Corpus donation received	35,100	28,660
IDFC Asset Management Company Limited	Reimbursement of expenses by the Company *	208	48
IDFC Financial Holding Company Limited	Corpus donation received	3,000	-

* Inclusive of Goods and Service Tax (GST)

h) Outstanding balances

Name of the related party	Nature of Transactions	As at March 31, 2021	As at March 31, 2020
IDFC Limited	Share capital	13,00,000	13,00,000
	Letter of Support	Refer Note (i) below	None
IDFC First Bank Limited	Balances with banks - saving bank accounts	64,547	4,099
	Balance in demand deposit accounts	12,028	6,43,440
	Interest accrued on fixed deposits with banks	434	36,786

Note (i)

The holding company (IDFC Ltd.) has provided a letter of support to the Board of Directors of the Company to provide financial support amounting to Rs. 1,453,769 (March 31, 2020 : Nil) and any resultant penalty while settling down the existing contingent liabilities for atleast thirteen months from the end of March 31, 2021.

35 **(a)** The Company did not lay before the Shareholders the consolidated financial statements of the Company for the year ended March 31, 2018 in the Annual General Meeting held on September 28, 2018 as required under section 129(3) of the Companies Act, 2013 ("Act") due to non- availability of audited financial statements of one of its material jointly controlled entities and consequently, compliances as per the provisions of section 137(1) of the Act have not been done to the extent this section is applicable to the consolidated financial statements. These were adopted by the Board of Directors in its meeting held on February 13, 2019 and the same was approved by the Shareholders in its Extraordinary General Meeting held on March 11, 2019. The Company filed applications with the Hon'ble Company Law Tribunal on May 10, 2019, for compounding of aforesaid non-compliances, and the Company has paid the required compounding fee of Rs. 5,050 (March 31, 2020- Nil) and consequently received the final compounding order dated December 17, 2020.

(b) The Company basis evaluation of IND AS-110 - Consolidated Financial Statement, concluded that the financial statements would be consolidated by IDFC Limited, Parent entity and consequently the Company has availed exemption from preparation of consolidated financial statements for the year ended March 31, 2021 in accordance with the second proviso to Rule 6 of the Companies (Accounts) Rules, 2014.

36. IMPACT ON THE FINANCIAL STATEMENTS - LEASES ACCOUNTING

Leases

This note provides information for leases where the Company is a lessee. The Company leases various buildings. Rental contracts are typically made for fixed periods of 3 to 5 years.

(i) Amount recognised in balance sheet

	Note number	As at March 31, 2021	As at April 1, 2020
Right-of -use assets			
Building*	3	6,23,062	9,23,567
		6,23,062	9,23,567
Lease liabilities			
- Current	13	1,38,689	1,68,412
- Non-current	13	4,85,989	7,10,635
Provision: Asset Restoration Obligations			
- Current	15	-	-
- Non-current	15	20,985	-
		6,45,663	8,79,047

* The movement is explained as below:

- Additions to the right- of- use assets on account of leasing arrangement and related asset restoration cost is Rs. 20,985 (March 31, 2020- 832,946)
- Deletion on account of termination of lease amounts to Rs. 31,514 (March 31, 2020 Nil) and on account of modification of rent outflow of Rs. 106,754 (March 31, 2020 Nil).
- Depreciation charge for the year Rs. 183,222 (March 31, 2020 - Rs.96,617).

(ii) Amount recognised in the Statement of Income and Expenditure

The Statement of Income and Expenditure shows the following amounts related to leases:

	Note number	Year ended March 31, 2021	Year ended April 1, 2020
Depreciation charge of right- of- use assets	20	1,83,222	96,617
Interest expenses (included in finance cost)	21B	64,484	34,658
Expenses relating to leases of low value assets that are not shown above as short- term leases (included in other expenses)	21A	9,299	10,739
Interest Income on unwinding of deposit (included in other income)	18B	18,783	22,021

(iii) Extension and termination options

Extension options is not included in any lease and termination options are included in the number of building leases across the Company. These are used to maximise operational flexibility in terms of managing the assets used in the company's operations. The termination options held are exercisable by the Company and the respective lessor.

NOTES TO FINANCIAL STATEMENTS

(iv) Critical judgements in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of building, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend (or not terminate).
- Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

(v) In applying IndAS 116 , the Company has applied the following practical expedient:

The company has received COVID 19 related rent concessions amounting to Rs. 13,300 (March 31, 2020 - Rs. Nil) and has recognised the same as an income in Statement of Income and Expenditure for the year ended March 31, 2021 with corresponding reduction in lease liability.

37 Basis the management's assessment of the impact of the outbreak of Corona virus (Covid-19) on the operations of the Company, the management believes that no adjustments are required in the financial statements for the year ended March 31, 2021 as it does not impact the current financial year, however, in view of the various preventive measures taken (such as lock-downs, travel restrictions etc.) and highly uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve.

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

For PRICE WATERHOUSE & CO CHARTERED ACCOUNTANTS LLP
(Firm Registration Number : 304026E/E-300009)

Jyoti Vaish
Partner
Membership Number : 096521

Ghaziabad, May 21, 2021

For and on behalf of the Board of Directors of
IDFC Foundation

Veena Vikas Mankar
Director
DIN 00004168
Mumbai, May 21, 2021

Sunil Kakar
Director
DIN 0305561
Mumbai, May 21, 2021

Reuben Abraham
Chief Executive Officer
Mumbai, May 21, 2021

Gopal Chandra Mondal
Chief Financial Officer
New Delhi, May 21, 2021

IDFC PROJECTS LIMITED

CIN	U45203TN2007PLC135765
DIRECTORS	Mr. Sunil Kakar (Chairman) Mr. Mahendra N Shah Mr. Bipin Gemani
AUDITORS	Price Waterhouse & Co. LLP Chartered Accountants
PRINCIPAL BANKER	IDFC FIRST Bank Limited
REGISTERED OFFICE	4th Floor, Capitale Tower, 555 Anna Salai, Thiru Vi Ka Kudiyiruppu, Teynampet, Chennai - 600 018 TEL: +91 44 4564 4202 FAX: +91 44 4564 4222

BOARD'S REPORT

TO THE MEMBERS

Your Directors have pleasure in presenting the Fourteenth Annual Report of IDFC Projects Limited ("the Company") together with the audited financial statements for the year ended March 31, 2021.

FINANCIAL HIGHLIGHTS

		₹ IN '000
	FOR THE YEAR ENDED MARCH 31, 2021	FOR THE YEAR ENDED MARCH 31, 2020
Total Income	-	155
Less: Total Expenses	1,075	9,111
Profit/(Loss) before Tax	(1,075)	(8,956)
Less: Provision for Tax	203	(244)
Profit / (Loss) after Tax	(1,278)	(8,712)

OPERATIONAL REVIEW AND FUTURE OUTLOOK

In the view of the fact that there are no operations in the Company, and there are no specific business plans for future, the financial statements have been prepared on a Non-going Concern basis and accordingly, assets are stated at realizable values and liabilities at their discharge values.

The holding Company, IDFC Limited, continues to provide the financial support to the Company to meet its obligations as and when they fall due for payment.

SHAREHOLDERS' UPDATE

The Board of Directors at its meeting held on February 05, 2020 have approved the amalgamation of IDFC Projects Limited with IDFC Limited subject to approval of Shareholders and other Regulatory Authorities.

The said Amalgamation is expected to be completed in FY22.

AMOUNT TO BE CARRIED FORWARD TO RESERVES

The details of amount carried forward to reserves are given in note no. 6B of the Notes forming part of the financial statements.

DIVIDEND

The Directors do not recommend any dividend for the financial year ended March 31, 2021 in view of the losses.

SUBSIDIARY COMPANIES/ JOINT VENTURES/ ASSOCIATE COMPANIES

The Company has one Associate Company (26% owned), namely, Jetpur Somnath Tollways Private Limited ("JSTPL"). JSTPL had served notice of termination on NHAI terminating the project on account of Authority Default and has handed over its toll operation to the NHAI in November, 2016. JSTPL has received the Termination Payment from NHAI which was below the amount due as per Concession Agreement. JSTPL has referred matter to Arbitration. Arbitration award was pronounced on March 31, 2021. The details are given in Note 17(i) of the Notes forming part of the financial statements.

A statement containing salient features of the financial statement and all other requisite details of the subsidiary company in the format AOC-I is appended as **Annexure I**.

PARTICULARS OF EMPLOYEES

The Company does not have any employee.

PUBLIC DEPOSITS

During the year under review, your Company has neither invited nor accepted any Public Deposits.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

There were no loans or guarantee or investments made by the Company under the provisions of Section 186 of the Companies Act, 2013.

FOREIGN EXCHANGE EXPENDITURE AND EARNINGS

There were no foreign exchange earnings and expenditure during the year.

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.

BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

In accordance with the Articles of Association of the Company and pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Bipin Gemani (DIN: 07816126) would retire by rotation at the ensuing AGM and being eligible, offers himself for re-appointment. The Board of Directors recommends re-appointment of Mr. Bipin Gemani, as a Director at the ensuing AGM.

MEETINGS OF THE BOARD

During the year, the Board met four times on June 23, 2020, August 26, 2020, November 09, 2020 and February 11, 2021. The gap between any two consecutive meetings was within the period prescribed under the Companies Act, 2013.

BOARD'S REPORT

The Composition and attendance of the Board Meetings held during FY21 is given in the **Table 1**.

COMMITTEES OF THE BOARD

Pursuant to Rule 4 of Companies (Appointment and Qualification of Directors) Rules, 2014 as amended by the Ministry of Corporate Affairs vide G.S.R. 839(E) issued on July 5, 2017 and G.S.R. 880(E) issued on July 13, 2017, the Company, being a wholly owned subsidiary of IDFC Limited, was not required to appoint Independent Directors and also was not required to have Audit Committee and Nomination & Remuneration Committee. And since there are no Independent Directors on the Board of the Company effective May 01, 2019, the Board of Directors decided to discontinued Meeting of Audit Committee and Nomination & Remuneration Committee.

The Board has the following Committees.

1. Right Issue Committee

ATTENDANCE OF DIRECTORS AT BOARD AND COMMITTEE MEETING(S)

Table 1 shows attendance of Directors at the Board Meetings and Committee meeting(s) held for the year ended March 31, 2021. Attendance is presented as number of meeting(s) attended, (including meetings attended through electronic mode) out of the number of meeting(s) required to be attended.

TABLE 1

NAME OF THE DIRECTOR	DIN NO	DESIGNATION	BOARD MEETING
Mr. Sunil Kakar	03055561	Chairman	C 4/4
Mr. Mahendra N Shah	00124629	Nominee Director of IDFC Limited	4/4
Mr. Bipin Gemani	07816126	Nominee Director of IDFC Limited	4/4

RIGHT ISSUE COMMITTEE

The Right Issue Committee was headed by Mr. Sunil Kakar and have Mr. Mahendra N Shah, Mr. Bipin Gemani and Mr. Nirav Shah as its Members. There were no meetings held during the year.

BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013, a detailed questionnaire was prepared and circulated to the Board for Annual evaluation for FY21. The Directors evaluated the Board as a whole, its committee and Individual Directors including Chairman. The exercise of Board evaluation was carried out and completed effectively.

SECRETARIAL AUDIT

Pursuant to Section 204 of the Companies Act, 2013 and the Rules made thereunder, the Company appointed M/s Jay Mehta & Associates, Practicing Company Secretary, as Secretarial Auditors to undertake the Secretarial Audit of the Company for FY21.

There are no qualifications or observations or other remarks made by the Secretarial Auditors in their report.

The Secretarial Audit Report forms part of this Board's Report as **Annexure II**.

STATUTORY AUDITORS

At AGM held on August 2, 2017, the Members of the Company had approved the appointment of Price Waterhouse & Co Chartered Accountants LLP (FRN 304026E/E300009) ("PWC") as the Statutory Auditors of the Company for a period of Five years from the conclusion of the 10th AGM of the Company held for FY17 till the conclusion of the 15th AGM of the Company to be held for FY22.

As per the guidelines issued by RBI vide RBI/2020-21/25 ref no. DOS.CO.ARG/SEC.01/08.091.001/2021-22 dated April 27, 2021 for appointment/reappointment Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks excluding Regional Rural Banks (RRBs), United Co-operative Banks (UCBs) and NBFCs including Housing Finance Companies (HFCs) entities regulated by the Reserve Bank of India have to mandatorily rotate Statutory Auditors at the end of 3 (three) years. The said guidelines would be applicable for FY 2021-22 and onwards. NBFCs shall have flexibility to adopt these guidelines from H2(second half) of FY 2021-22. Accordingly, The Audit Committee and Board of Directors of IDFC Limited, at its respective meeting held on July 28, 2021 and August 11, 2021 proposed the appointment of Khimji Kunverji Co LLP as Statutory Auditors of the IDFC Limited for a period of 3 years'. Therefore, The Board Of Directors of IDFC Projects Limited at its meeting held on August 09, 2021 proposed the appointment of Khimji Kunverji Co LLP as Statutory Auditors of the IDFC Projects Limited for a period of 3 years' The Shareholders of the Company are requested to approve the appointment of Khimji Kunverji Co LLP which forms part of the Notice for convening the ensuing AGM.

COST AUDIT

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

RISK MANAGEMENT

The members of the Board of the Company ensure the control of risk factors and advice on the same to the 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.

BOARD'S REPORT

MATERIAL CHANGES / COMMITMENTS

As per Section 134(3)(l) of the Act, there have been no material changes and commitments affecting the financial position of the Company that has occurred between March 31, 2021 till the date of this report.

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

There are no significant and material orders passed by the Regulators or Courts or Tribunals during the year.

COMPLIANCE WITH SECRETARIAL STANDARDS

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

AUDITOR'S REPORT

There are no qualifications, reservations or adverse remarks or disclaimers made by the Statutory Auditors in their report.

RELATED PARTY TRANSACTIONS

As per Section 177, the Audit Committee of the Board of Directors approves all the related party transactions of the Company on a quarterly basis. Related party transactions entered during the year under review were in the ordinary course of business and on an arm's length basis, thus not requiring Board/ Shareholders' approval. A Board approved "Policy on Related Party Transactions" 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.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that:

(a) in the preparation of financial statements for the year ended March 31, 2021, 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, 2021 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 non - going concern basis; and

(e) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

ACKNOWLEDGEMENTS

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

FOR AND ON BEHALF OF DIRECTORS

SUNIL KAKAR
Chairman

Mumbai, June 3, 2021

ANNEXURE I

FORM AOC-I

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

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

PART "A": SUBSIDIARIES : Not Applicable
(Information in respect of each subsidiary to be presented with amounts in ₹ Crore)

PART B **ASSOCIATES AND JOINT VENTURES**
(Pursuant to Section 129(3) of the Act related to Associates Companies and Joint Ventures)

SR. NO.		JETPUR SOMNATH TOLLWAYS PRIVATE LIMITED
1.	Latest audited Balance Sheet Date	March 31, 2021
2.	Date on which the Associate was associated or acquired	January 11, 2011
3.	Shares of associate held by the Company at March 31, 2021	
	Number of Equity Shares	42,637,400
	Amount of investment in associate companies (₹ in crore)	132.19
	Extend of Holding (%)	26%
4.	Description of how there is significant influence	Associate
5.	Reason why the associate is not consolidated	See Note 1
6.	Net worth attributable to Shareholding as per latest audited Balance Sheet (₹ in crore)	7.13
7.	Profit / (Loss) for the year ended March 31, 2020 (₹ in crore)	
	i. Considered in Consolidation	-
	ii. Not Considered in Consolidation (₹ in crore)	(1.58)

Note 1: Losses to the extent of investment in Associate have already been fully absorbed, so entity is no more consolidated

Note 2: There are no associates or joint ventures which are yet to commence operations.

No associates or joint ventures have been liquidated or sold during the year.

For and on behalf of the Board of Directors of
IDFC Projects Limited
CIN :- U45203MH2007PLC176640

Sunil Kakar
Director
DIN: 03055561

Prerana Porwal
Chief Executive Officer
PAN: BEDPP3082B

Bipin Gemani
Director
DIN: 01731829

Anupama Mishra
Chief Financial Officer
PAN: BZUPM9460L

Shivangi Mistry
Company Secretary
PAN: BNWPM0542B

June 3, 2021

ANNEXURE II

FORM NO. MR-3

[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]

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2021

To,
The Members,
IDFC PROJECTS LIMITED,
4th Floor, Capitale Tower, 555 Anna Salai,
Thiru Vi Ka Kudiyiruppu, Teynampet,
Chennai - 600018

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March 2021 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2021 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; - Not applicable to the Company during the Audit period.

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; - Not applicable to the Company during the Audit period.

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') :-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; - Not applicable to the Company during the Audit period.

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; - Not applicable to the Company during the Audit period.

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 / 2018; - Not applicable to the Company during the Audit period.

(d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; - Not applicable to the Company during the Audit period.

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; - Not applicable to the Company during the Audit period.

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; - Not applicable to the Company during the Audit period.

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; - Not applicable to the Company during the Audit period.

(i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. - Not applicable to the Company during the Audit period.

FORM NO. MR-3

(vi) As per the information provided and the explanation given, there are no specific laws applicable to the Company.

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) The Listing Agreement entered into by the Company with Stock Exchange. - Not applicable to the Company during the Audit period.

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

We further report that
The Board of Directors of the Company is duly constituted with proper balance of Executive Directors and Non-Executive Directors and Independent Directors. There was no change in the composition of the Board of Directors during the period under review and hence, compliance of the same was not applicable.

Adequate notice is given to all directors to schedule the Board Meetings, 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.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

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 there was no event / action which has major bearing on the Company's affairs in pursuance of the laws, rules, regulations, guidelines, standards, etc. referred to above.

For **Jay Mehta & Associates**
Company Secretaries

Jay Mehta
Proprietor
FCS No.: 8672
C.P. No.: 8694
UDIN: F008672C000415749

Date: 03.06.2021
Place: Mumbai

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF IDFC PROJECTS LIMITED

Report on the audit of the financial statements

Opinion

1. We have audited the accompanying financial statements of IDFC Projects Limited ("the Company"), which comprise the balance sheet as at March 31, 2021, and the statement of Profit and Loss (including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and total comprehensive income (comprising of loss and other comprehensive income), changes in equity and its cash flows for the year then ended.

Basis for opinion

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

Emphasis on Matter

4. We draw attention to note 1B(a)(ii) to the financial statements, regarding preparation of financial statements on realizable value basis, pursuant to management decision to discontinue the operations of the Company in view of reasons stated therein. Our opinion is not modified in respect of this matter.

Other Information

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

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

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

   We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

6. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances; Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other legal and regulatory requirements

11. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
12. As required by Section 143(3) of the Act, we report that:
    (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
    (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
    (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and Statement of Cash Flow 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 specified under Section 133 of the Act.
    (e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
    (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
    (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
        i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 16 to the financial statements.
        ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
        iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2021.
        iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2021.
13. During the year ended March 31, 2021, the Company has not paid/provided any managerial remuneration under the provisions of Section 197 read with Schedule V to the Act. Accordingly, reporting under section 197(16) of the Act is not applicable to the Company.

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration Number: 304026E / E – 300009

Ketan Asher
Partner
Membership Number: 113522
UDIN: 21113522AAAABA1233

Place: Mumbai
Date: June 3, 2021

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 12(f) of the Independent Auditor's Report of even date to the members of IDFC Projects Limited on the financial statements for the year ended March 31, 2021

Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls with reference to financial statements of IDFC Projects Limited ("the Company") as of March 31, 2021 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

2. 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 issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements 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") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. 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 with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

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

5. 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 with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

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

Inherent Limitations of Internal Financial Controls with reference to financial statements

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

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, 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 Price Waterhouse & Co Chartered Accountants LLP
Firm Registration Number: 304026E/E-300009

Ketan Asher
Partner
Membership Number: 113522
UDIN: 21113522AAAABA1233

Place: Mumbai
Date: June 3, 2021

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 11 of the Independent Auditor's Report of even date to the members of IDFC Projects Limited on the financial statements for the year ended March 31, 2021

i. The Company does not own any fixed assets during the year ended March 31, 2021. Therefore, the provisions of Clause 3(i) of the said Order are not applicable to the Company.

ii. The Company does not have any operations during the year, and consequently, does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said Order are not applicable to the Company.

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 Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.

iv. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.

v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, income tax, goods and service tax and other material statutory dues, as applicable, with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of provident fund and goods and service tax which have not been deposited on account of any dispute. The particulars of dues of income tax as at March 31, 2021 which have not been deposited on account of a dispute, are as follows:

NAME OF THE STATUTE	NATURE OF DUES	AMOUNT (RS.)	PERIOD TO WHICH THE AMOUNT RELATES	FORUM WHERE THE DISPUTE IS PENDING
Income Tax Act, 1961	Income Tax	2,09,724	2008-09	Asst. Commissioner of Income tax
Income Tax Act, 1961	Income Tax	2,69,110	2012-13	Asst. Commissioner of Income tax
Income Tax Act, 1961	Income Tax	22,040	2012-13	Commissioner of Income tax (Appeals)
Income Tax Act, 1961	Income Tax	3,24,940	2013-14	Asst. Commissioner of Income tax
Income Tax Act, 1961	Income Tax	7,63,980	2014-15	Income Tax Officer
Income Tax Act, 1961	Income Tax	1,510	2014-15	Commissioner of Income tax (Appeals)

viii. As the Company does not have any loans or borrowings from any financial institution or bank or Government, nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(viii) of the Order are not applicable to the Company.

ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

xi. The company has not paid any managerial remuneration during the year. Accordingly, the provisions of clause 3(xi) of the order are not applicable to the Company. Also refer paragraph 13 of our main audit report.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 188 of the Act. The details of related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act. Further, the Company is not required to constitute an Audit Committee under Section 177 of the Act, and accordingly, to this extent, the provisions of Clause 3(xiii) of the Order are not applicable to the Company.

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

xv. The Company has not entered into any non cash transactions with its directors or persons connected with them. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration Number: 304026E/E-300009

Ketan Asher
Partner
Membership Number: 113522
UDIN: 21113522AAAABA1233

Place: Mumbai
Date: June 3, 2021

BALANCE SHEET

AS AT MARCH 31, 2021

(₹ in '000)

	Note	As at March 31, 2021	As at March 31, 2020
ASSETS			
Current assets			
Financial assets			
i. Investments	2	-	-
ii. Cash and cash equivalents	3	180	413
Income tax assets	4	3,680	3,883
Other current assets	5	-	-
Total current assets		3,860	4,296
Total assets		3,860	4,296
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	6A	855,500	855,500
Other equity	6B	(1,796,027)	(1,794,749)
Total equity		(940,527)	(939,249)
LIABILITIES			
Current liabilities			
Financial liabilities			
i. Trade payables			
- total outstanding dues of micro enterprises and small enterprises		-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises	7	373	277
ii. Other financial liabilities	8	943,472	942,746
Income tax liabilities	9	502	502
Other current liabilities	10	40	20
Total liabilities		944,387	943,545
Total equity and liabilities		3,860	4,296

The accompanying notes are integral part of these financial statements.

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

For Price Waterhouse & Co Chartered Accountants LLP
(Registration No 304026E/E-300009)

Ketan Asher
Partner
Membership Number : 113522

Mumbai, June 3, 2021

For and on behalf of the Board of Directors of
IDFC Projects Limited
CIN :- U45203TN2007PLC135765

Prerana Porwal
Chief Executive Officer
PAN: BEDPP3082B

Mahendra N. Shah
Director
DIN: 00124629

Bipin Gemani
Director
DIN: 01731829

Anupama Mishra
Chief Financial Officer
PAN: BZUPM9460L

Shivangi Mistry
Company Secretary
PAN: BNWPM0542B

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2021

(₹ in '000)

	Note	Year ended March 31, 2021	Year ended March 31, 2020
REVENUE FROM OPERATIONS			
Other income	11	-	155
Total income		-	155
EXPENSES			
Finance Cost		3	-
Impairment loss allowance on investments	12	-	8,159
Others expenses	13	1,072	952
Total expenses		1,075	9,111
Loss before tax		(1,075)	(8,956)
Income tax expense:	14		
- Current tax		-	25
- Tax adjustment of earlier years		203	(269)
Total tax expense		203	(244)
Loss for the year		(1,278)	(8,712)
Other comprehensive income for the year		-	-
Total comprehensive income / (loss) for the year		(1,278)	(8,712)
Earnings / (Loss) per equity share of ₹ 10 each			
- Basic (₹)	15	(0.01)	(0.10)
- Diluted (₹)		(0.01)	(0.10)

The accompanying notes are integral part of these financial statements.

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

For Price Waterhouse & Co Chartered Accountants LLP
(Registration No 304026E/E-300009)

Ketan Asher
Partner
Membership Number : 113522

Mumbai, June 3, 2021

For and on behalf of the Board of Directors of
IDFC Projects Limited
CIN :- U45203TN2007PLC135765

Prerana Porwal
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Chief Financial Officer
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Shivangi Mistry
Company Secretary
PAN: BNWPM0542B

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2021

A. EQUITY SHARE CAPITAL

(₹ in '000)

	Note	Number	Amount
As at March 31, 2019	6A	85,550,000	855,500
Issued during the year		-	-
As at March 31, 2020	6A	85,550,000	855,500
Issued during the year	6A	-	-
As at March 31, 2021		85,550,000	855,500

B. OTHER EQUITY

(₹ in '000)

	Note	Reserves and surplus		Total other equity
		Capital reserve	Deficit in the statement of profit and loss	
As at March 31, 2019	6B	6,684	(1,792,721)	(1,786,037)
Profit/(loss) for the year		-	(8,712)	(8,712)
As at March 31, 2020	6B	6,684	(1,801,433)	(1,794,749)
Profit/(loss) for the year		-	(1,278)	(1,278)
As at March 31, 2021	6B	6,684	(1,802,711)	(1,796,027)

The accompanying notes are integral part of these financial statements.

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

For Price Waterhouse & Co Chartered Accountants LLP
(Registration No 304026E/E-300009)

Ketan Asher
Partner
Membership Number : 113522

Mumbai, June 3, 2021

For and on behalf of the Board of Directors of
IDFC Projects Limited
CIN :- U45203TN2007PLC135765

Prerana Porwal
Chief Executive Officer
PAN: BEDPP3082B

Mahendra N. Shah
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Director
DIN: 01731829

Anupama Mishra
Chief Financial Officer
PAN: BZUPM9460L

Shivangi Mistry
Company Secretary
PAN: BNWPM0542B

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED MARCH 31, 2021

(₹ in '000)

	Note	As at March 31, 2021	As at March 31, 2020
CASH FLOW FROM OPERATING ACTIVITIES :			
Profit/(Loss) before tax		(1,075)	(8,956)
Adjustments :			
Interest Expense		3	-
Net (gain) / loss on financial asset measured at FVTPL	11	-	(150)
Impairment loss allowance on investments		-	8,159
Operating loss before working capital changes		(1,072)	(947)
Adjustments for increase/ (decrease) in operating liabilities:			
Trade payables	7	95	55
Other current liabilities	10	20	(28)
Cash generated from / (used in) operations		(957)	(920)
Less : Income taxes paid (net of refunds)		-	113
Net cash outflow from operating activities		(957)	(807)
CASH FLOW FROM INVESTING ACTIVITIES :			
Purchase of investment measured at amortised cost		-	(8,159)
Purchase of investment measured at FVTPL		-	(300)
Proceeds from sale of investments		-	4,550
Net cash outflow from investing activities		-	(3,909)
CASH FLOW FROM FINANCING ACTIVITIES :			
Advances taken from the holding company		274	5,064
Advances taken from the fellow subsidiary		500	-
Advances repaid to holding company		(50)	(96)
Net cash inflow from financing activities		724	4,968
NET INCREASE/(DECREASE) IN CASH AND BANK BALANCES		(233)	252
Add : Cash and cash equivalents at beginning of the year	3	413	161
Cash and cash equivalents at end of the year	3	180	413

* The statement of cash flow has been prepared using indirect method as permitted by Ind AS 7.

The accompanying notes are integral part of these financial statements.

For Price Waterhouse & Co Chartered Accountants LLP
(Registration No 304026E/E-300009)

Ketan Asher
Partner
Membership Number : 113522

Mumbai, June 3, 2021

For and on behalf of the Board of Directors of
IDFC Projects Limited
CIN :- U45203TN2007PLC135765

Prerana Porwal
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Chief Financial Officer
PAN: BZUPM9460L

Shivangi Mistry
Company Secretary
PAN: BNWPM0542B

1A. BACKGROUND

IDFC Projects Limited is a wholly owned subsidiary of IDFC Limited. The Company was in the business of conceiving, developing, owning, managing, executing and operating infrastructure projects, in India. The Company has no intention to carry on its business activities.

1B. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

i) Compliance with Ind AS

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

ii) Going concern assumption

a) The Company has incurred a loss of ₹ 1,278 thousand during the year ended March 31, 2021 (₹ 8,712 thousand during the year ended March 31, 2020) and has accumulated losses as at March 31, 2021, amounting to ₹ 1,796,027 thousand (as at March 31, 2020 ₹ 1,794,749 thousand) which eroded the net worth of the Company and the Company's current liabilities exceed its current assets by ₹ 9,40,527 thousand as at March 31, 2021 (as at March 31, 2020 ₹ 939,249 thousand).

b) The Company has stopped all business operations in the earlier period and there are no definitive business plans for the future. Accordingly, the assumption of going concern is not considered appropriate for preparation of the financial statements and these financial statements have been prepared on a liquidation basis. Accordingly, the assets and liabilities have been stated at realisable value.

(iii) Consolidation

The Company basis evaluation of IND AS-110 exemption under 4(a) and as per Rule 6 of the Companies (Accounts) Rules, 2014, concluded that the financial statements would be consolidated by IDFC Limited, parent entity and consequently has availed exemption from preparation of consolidated financial statements.

(iv) New and amended standards adopted by the Company

The Company has applied the following amendments to Ind AS for the first time for their annual reporting period commencing April 1, 2020:

- Definition of Material – amendments to Ind AS 1 and Ind AS 8
- Definition of a Business – amendments to Ind AS 103
- COVID-19 related concessions – amendments to Ind AS 116
- Interest Rate Benchmark Reform – amendments to Ind AS 109 and Ind AS 107

b) Investment in Associates

Investment in associates are measured at cost less accumulated impairment, if any.

c) Cash and cash equivalents

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

d) Financial assets

i) Classification

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

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

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

Debt instruments

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

Equity instruments

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

ii) Recognition

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

iii) Initial Measurement

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

iv) Subsequent Measurement

Debt instruments

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

Measured at fair value through statement of profit and loss: A financial asset not classified as amortised cost, is classified as FVTPL. Such financial assets are measured at fair value with all changes in fair value, including interest and dividend income, recognised as in the statement of profit and loss.

Equity instruments

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

v) Impairment of financial assets

The Company is required to assess on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

vi) Derecognition

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

e) Financial liabilities:

i) Initial recognition and measurement

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

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

ii) Subsequent measurement

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

iii) Derecognition

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

f) Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

g) Income tax

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

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

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

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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

h) Trade and other payables

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

i) Provisions

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

j) Contingencies

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

k) Earnings per share

i) Basic earnings per share is calculated by dividing:

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

ii) Diluted earnings per share:

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

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

l) Rounding of amounts

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

m) Use of estimates

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

2. CURRENT INVESTMENTS

(₹ in '000)

	As at March 31, 2021	As at March 31, 2020
Investments in equity instruments:		
Associate		
- Jetpur Somnath Tollways Private Limited	426,374	426,374
[42,637,400 no.of shares as on March 31, 2021 (42,637,400 as on March 31, 2020)]		
Total (A)	426,374	426,374
Investments in preference shares (compulsorily convertible):		
- 0.0001% Jetpur Somnath Tollways Private Limited	403,000	403,000
[40,300,000 no.of shares as on March 31 2,021 (40,300,000 as on March 31 2,020)]		
- 0.0002% Jetpur Somnath Tollways Private Limited	492,545	492,545
[49,254,490 no.of shares as on March 31, 2021 (49,254,490 as on March 31, 2020)]		
Total (B)	895,545	895,545
Total Gross (A+B)	1,321,919	1,321,919
(Less): Impairment loss allowance	(1,321,919)	(1,321,919)
Total - Net	-	-
Aggregate amount of unquoted investments	1,321,919	1,321,919
Aggregate amount of impairment loss	(1,321,919)	(1,321,919)

(i) Equity investment includes ₹ 21,745 thousand (previous year ₹ 21,745 thousand) in respect of shares pledged with security trustee.

(ii) Investment in preference shares includes ₹ 18,166 thousand (previous year ₹ 18,166 thousand) in respect of shares pledged with security trustee.

(iii) Investment includes ₹1,321,919 thousand (previous year ₹1,321,919 thousand) in respect of shares which are subject to restrictive covenants.

(iv) Compulsorily convertible preference shares shall convert into 1 equity share before the expiry of 20 years from the date of issue.

a) Impairment for investment in associate (equity shares and preference shares)

i) Significant estimate:

The Company holds 26% stake in Jetpur Somnath Tollways Limited ("JSTPL"). JSTPL, an associate of the Company has terminated it's operations since November, 2016 due to certain disputes with National Highway Authority of India ("NHAI") and surrendered the same to NHAI. The dispute was referred to arbitration panel by JSTPL along with its lender on NHAI, verdict of which has come in favour of JSTPL. However, NHAI reserves the right to go in appeal against the order with higher authorities. Execution of favourable order is dependent on many conditions. Moreover, net-worth of JSTPL has eroded substantially as on March 31, 2021. In view of entire net-worth being eroded and the matter being sub-judice, on prudent basis, the Company continues with the provision created against investment in JSTPL till the time of final verdict.

For more information regarding the event or circumstances which led to recognition of impairment loss of investment in associate, refer note 17(i).

Impairment loss recognised in Statement of Profit and loss: (₹ in '000)

	Year ended March 31, 2021	Year ended March 31, 2020
Carrying amount	-	8,159
Recoverable amount	-	-
Impairment loss recognised in statement of profit and loss	-	8,159

3 CASH AND CASH EQUIVALENTS

(₹ in '000)

	As at March 31, 2021	As at March 31, 2020
Balances with banks:		
In current accounts	180	413
Total	180	413

4. INCOME TAX ASSETS

(₹ in '000)

	As at March 31, 2021	As at March 31, 2020
Current		
Advance tax, Tax deducted at source	3,680	3,883
[net of provision for tax ₹ Nil (March 31, 2020 ₹ 8,087 thousand)]		
Total	3,680	3,883

5. OTHER CURRENT ASSETS

(₹ in '000)

	As at March 31, 2021	As at March 31, 2020
Balances with government authorities - Cenvat credit available	7,128	7,128
Less: Provision for doubtful receivables	(7,128)	(7,128)
Total	-	-

6A. EQUITY SHARE CAPITAL

(₹ in '000)

	As at March 31, 2021		As at March 31, 2020	
	Number	₹	Number	₹
Authorised shares				
Equity shares of ₹ 10 each	140,000,000	1,400,000	140,000,000	1,400,000
Issued, subscribed & fully paid-up shares				
Equity shares of ₹ 10 each	85,550,000	855,500	85,550,000	855,500
Total	85,550,000	855,500	85,550,000	855,500

a) Movements in equity share capital

(₹ in '000)

	As at March 31, 2021		As at March 31, 2020	
	Number	₹	Number	₹
Outstanding at the beginning of the year	85,550,000	855,500	85,550,000	855,500
Shares issued during the year	-	-	-	-
Outstanding at the end of the year	85,550,000	855,500	85,550,000	855,500

b) Terms and rights attached to equity shares

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

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

c) Details of shares held by the holding company

(₹ in '000)

Equity shareholders	As at March 31, 2021		As at March 31, 2020	
	Number	% holding	Number	% holding
IDFC Limited and its nominees	85,550,000	100%	85,550,000	100%

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

(₹ in '000)

Equity shareholders	As at March 31, 2021		As at March 31, 2020	
	Number	% holding	Number	% holding
IDFC Limited and its nominees	85,550,000	100%	85,550,000	100%

6B. RESERVES AND SURPLUS

(₹ in '000)

	As at March 31, 2021	As at March 31, 2020
Capital reserve	6,684	6,684
Deficit in the statement of profit and loss	(1,802,711)	(1,801,433)
Total	(1,796,027)	(1,794,749)

a) Capital reserve

(₹ in '000)

	As at March 31, 2021	As at March 31, 2020
Opening balance	6,684	6,684
Appropriations during the year	-	-
Closing balance	6,684	6,684

b) Deficit in the statement of profit and loss

(₹ in '000)

	As at March 31, 2021	As at March 31, 2020
Opening balance	(1,801,433)	(1,792,721)
Net loss for the year	(1,278)	(8,712)
Closing balance	(1,802,711)	(1,801,433)

6C. NATURE AND PURPOSE OF RESERVE

a) Capital reserve

This reserve was created on merger of IDFC Finance Limited with the Company. The reserve cannot be utilised for distribution of dividends.

7. TRADE PAYABLES

(₹ in '000)

	As at March 31, 2021	As at March 31, 2020
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	373	277
Total	373	277

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

	As at March 31, 2021	As at March 31, 2020
Outstanding principal amount and interest due to suppliers registered under MSMED Act and remaining unpaid at the year end:		
- Principal amount	-	-
- Interest due thereon	-	-
Interest paid other than under section 16 of MSMED Act, to suppliers registered under MSMED Act, beyond the appointed day during the period.	-	-
Interest paid under section 16 of MSMED Act, to suppliers registered under MSMED Act, beyond the appointed day during the period.	-	-
Amount of interest due and payable (where the principal has already been paid but interest has not been paid).	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
The amount of further interest remaining due and payable even in succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of MSMED Act.	-	-

8. OTHER FINANCIAL LIABILITIES

(₹ in '000)

	As at March 31, 2021	As at March 31, 2020
Current		
Amount payable to a related party (Refer Note No. 21)	943,472	942,746
Total	943,472	942,746

9. INCOME TAX LIABILITIES

(₹ in '000)

	As at March 31, 2021	As at March 31, 2020
Current		
Provision for income tax	502	502
[net of advance tax ₹ 2,503 thousand (Previous year ₹ 2,503 thousand)]		
Total	502	502

10. OTHER CURRENT LIABILITIES

(₹ in '000)

	As at March 31, 2021	As at March 31, 2020
Statutory dues payable	40	20
Total	40	20

11. OTHER INCOME

(₹ in '000)

	Year ended March 31, 2021	Year ended March 31, 2020
Net gain on sale of investment	-	150
Interest on Income tax refund	-	5
Total	-	155

12. IMPAIRMENT LOSS ALLOWANCE ON INVESTMENTS

(₹ in '000)

	Year ended March 31, 2021	Year ended March 31, 2020
Impairment loss allowance on investments	-	8,159
Total	-	8,159

13. OTHER EXPENSES

(₹ in '000)

	Year ended March 31, 2021	Year ended March 31, 2020
Rates and taxes	161	120
Professional fees	461	423
Auditors' remuneration [refer note (a) below]	271	300
Shared service cost	145	76
Miscellaneous expenses	34	33
Total	1,072	952

a) Breakup of Auditors' remuneration

(₹ in '000)

	Year ended March 31, 2021	Year ended March 31, 2020
Audit fees	190	200
Other services	75	90
Out-of-pocket expenses	6	10
Total	271	300

14. INCOME TAX

a) The components of income tax expense for the year ended March 31, 2021 and March 31, 2020 are:

(₹ in '000)

	Year ended March 31, 2021	Year ended March 31, 2020
Current tax	-	25
Tax adjustment of earlier years	203	(269)
Total	203	(244)

b) Reconciliation of the total tax charge

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at Company's corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by Company's domestic tax rate for the years ended March 31, 2021 and March 31, 2020 is, as follows:

(₹ in '000)

	Year ended March 31, 2021	Year ended March 31, 2020
Profit/ (loss) before tax	(1,075)	(8,956)
Tax at India's statutory income tax rate of 26% (previous year 26%)	(280)	(2,329)
Tax effect of the amount which are not taxable:		
- Expenses disallowed on account of section 37 of the Income Tax Act, 1961	280	2,329
- Adjustment for current tax of prior periods	203	(269)
- MAT credit not recognised as deferred tax asset	-	25
Income tax expense	203	(244)

c) Tax losses

(₹ in '000)

	Assessment year	Expiry Assessment year	As at March 31, 2021	As at March 31, 2020
Unused tax losses for which no deferred tax has been recognised				
Business losses	2012-13	2020-21	-	50,926
Business losses	2013-14	2021-22	40,798	40,798
Business losses	2014-15	2022-23	6,259	6,259
Business losses	2015-16	2023-24	1,767	1,767
Business losses	2018-19	2026-27	1,743	1,743
Business losses	2019-20	2027-28	748	748
Business losses	2020-21	2028-29	963	-
			52,278	102,241
Unabsorbed depreciation	2009-10 to 2015-16	Not applicable	1,191	1,191
Total unused tax losses			53,469	103,432
Potential tax benefit at 26% (previous year at 26%)			13,902	26,892

The unused tax losses were incurred by the Company and is not likely to generate taxable income in the foreseeable future, as there are no definitive business plans for the Company.

15. EARNINGS PER SHARE (EPS)

	Year ended March 31, 2021	Year ended March 31, 2020
Total basic earnings per share attributable to the equity holders of the Company (In ₹)		
(a) Basic and diluted earnings per share		
Loss attributable to the equity holders of the Company	(1,278)	(8,712)
(b) Weighted average number of shares used as the denominator		
Weighted average number of equity shares used as the denominator in calculating basic and diluted earnings per share	85,550	85,550
(c) Basic and diluted Earnings / (loss) Per Share (in ₹)	(0.01)	(0.10)
(d) Nominal Value Per Share (in ₹)	10	10

16. CONTINGENT LIABILITIES

(₹ in '000)

	As at March 31, 2021	As at March 31, 2020
Claims not acknowledged as debts in respect of:		
Income-tax demands disputed by the Company (net of amounts provided)*	1,591	1,591
Total	1,591	1,591

* The matters in dispute are under appeal. The demands have been partly paid / adjusted and will be received as refund if the matters are decided in favour of the Company.

17. COMMITMENTS

(₹ in ‘000)

	As at March 31, 2021	As at March 31, 2020
Uncalled liability on shares and other investments [see note(i) below]	-	693,722
Total	-	693,722

(i) Jetpur Somnath Tollways Private Limited (JSTPL) was incorporated for the purpose of construction, operation and maintenance of 127 km section of NH 8D connecting Jetpur and Somnath in the state of Gujarat and in this respect, JSTPL had executed the concession agreement with NHAI. However, the construction was not fully completed for approx. 20 kms due pending handover of land by NHAI for construction. Due to certain disputes including revenue sharing, JSTPL served notice of termination on NHAI terminating the project on account of authority default and had handed over its toll operations to NHAI in November, 2016. Due to this there are no operations in JSTPL. Considering the aforesaid and the net worth of JSTPL, the Company had recognised the impairment in value of its investments in JSTPL.

The Concession Agreement states that in case of default on account of NHAI, NHAI had to pay the debt due plus 150% of the adjusted equity. In case termination was on account of JSTPL’s default, NHAI to make payment of 90% of the debt due less insurance cover. JSTPL and Lenders of JSTPL (through lead banker Punjab National Bank) had filed an appeal for interim relief under section 9 of the Arbitration and Conciliation Act before Delhi High Court to get at least 90 % of debt due as termination payment from NHAI. The Delhi High Court after hearing the matter, decided the appeal in favour of JSTPL and Lenders of JSTPL and directed NHAI to pay 90% of the debt due as termination payment to JSTPL. NHAI challenged the order of Delhi High Court (Single Judge) before Division Bench of Delhi High Court, who also upheld the decision of the single judge and directed NHAI to release the termination payment. NHAI challenged the Order of Division Bench of High Court by filing Special Leave Petition (“SLP”) in the Hon’ble Supreme Court of India. The Hon’ble Supreme Court of India upheld the orders of the High Court and dismissed the SLP of NHAI and directed NHAI to pay ₹ 3,486,000 thousand in the escrow account with the lead lender, Punjab National Bank (PNB) within 6 (six) weeks from January 05, 2018. Following that, NHAI had released the amount of ₹ 3,486,000 thousand on January 29, 2018 which was distributed to lenders on proportionate basis. However, JSTPL had provided a bank guarantee of the amount of ₹ 3,486,000 thousand to NHAI in compliance with order of Hon’ble Delhi High Court. This bank guarantee was required to be alive till 4 months from the date of arbitration award. Two arbitrations were going on to resolve the dispute between JSTPL, NHAI and Lenders of JSTPL as follows:

Arbitration initiated by Lenders of JSTPL (PNB) against NHAI and JSTPL – This arbitration had been concluded and the Arbitrational Tribunal (AT) had issued the award in favour of the claimant i.e. PNB. The AT had held that the NHAI is liable to pay 90% of debt due amount towards termination payment to claimant (PNB). AT has further held that in view of this award, there appears to be no reason to keep the aforesaid bank guarantee by NHAI or to keep the bank guarantee active by JSTPL. NHAI submitted petition with the Hon’ble High Court dated July 21, 2020 by challenging the Arbitral award dated March 24, 2020. The hearings commenced on July 27, 2020 and concluded on August 7, 2020. The Hon’ble Delhi High Court pronounced the judgement on January 4, 2021 in favour of JSTPL. NHAI challenged this judgment under section 37 and next hearing was scheduled on April 29, 2021 which got adjourned and is rescheduled on July 19, 2021. JSTPL filed execution petition on January 13, 2021 and based on the petition filed Hon’ble Delhi High Court directed NHAI to handover the original bank guarantee before March 15, 2021. JSTPL collected the bank guarantee from NHAI on March 17, 2021 and returned it to PNB. Accordingly out of ₹ 3,486,000 thousand proportionate portion of bank guarantee on a fully diluted basis, investment of the Company in JSTPL of 19.90% i.e. ₹ 693,722 thousand which was disclosed as commitments in previous year is no more shown as outstanding commitment in current year.

Arbitration initiated by JSTPL against NHAI – The Arbitration award pronounced on March 31, 2021 is in favour of JSTPL. Arbitration awarded amount of ₹ 1,016.34 crores excluding any amount received earlier. NHAI reserves the right of going in appeal against the said order with higher authorities. As on date, NHAI has not filed any appeal.

18. FAIR VALUE MEASUREMENT

a) Fair value hierarchy

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

The hierarchies used are as follows:

Level 1: Hierarchy includes financial instruments measured using quoted price. The fair value of financial instruments that are traded in an active market is determined using closing Net Asset Value (NAV), which represents the repurchase price at which the issuer will redeem the units from investors.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is include in level 3.

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

b) Valuation technique used to determine fair value

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

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

For financial assets and financial liabilities that are measured at amortised cost, the carrying amounts are a reasonable approximation of their fair value.

19. FINANCIAL RISK MANAGEMENT

The Company is exposed primarily to liquidity risks which may adversely impact the fair value of its financial instruments.

a) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due.

i) Maturities of financial liabilities

The following table shows the maturity analysis of financial liabilities of the Company based on contractually agreed undiscounted cash flows as at the balance sheet date:

(₹ in '000)

As at March 31, 2021	Note No.	Less than 12 months	More than 12 months	Total
Trade payables	7	373	-	373
Other financial liabilities	8	943,472	-	943,472
Total		943,845	-	943,845

As at March 31, 2020	Note No.	Less than 12 months	More than 12 months	Total
Trade payables	7	277	-	277
Other financial liabilities	8	942,746	-	942,746
Total		943,023	-	943,023

b) Credit risk

The company has no significant concentration of credit risk. Credit risk is the risk of suffering financial loss, should any of the counterparties fail to fulfil their contractual obligations to the Company. Cash and cash equivalents and bank deposits are held with only high rated banks/financial institutions only, therefore credit risk is perceived to be low.

c) Market risk

i) Fair value interest rate risk

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

The Company does not have any variable rate based financial assets or financial liabilities.

The Company is exposed to interest rate risk from investments held in debt oriented mutual fund units. These funds invests in debt securities. Sensitivity analysis for exposure to interest rate risk in case of units backed by debt securities is not disclosed as there are no investments outstanding as on March 31, 2021 and March 31, 2020.

20. SEGMENT INFORMATION

The Company is domiciled in India. The primary mandate of the Company was to conceive, develop, execute and manage infrastructure projects in India, which is considered to be only reportable segment (in accordance with Ind AS 108). As there are no definitive business plan for the Company, the management is evaluating various business options including winding up of the Company. Accordingly, there is no segment revenue for the year ended March 31, 2021 and March 31, 2020. Similarly there are no segment assets and liabilities as on March 31, 2021 and March 31, 2020. The Company does not have any geographical segment.

21. RELATED PARTY TRANSACTIONS

a) Holding company

IDFC Limited

b) Associate

Jetpur Somnath Tollways Private Limited

c) Associate of Holding Company

IDFC FIRST Bank Limited

d) Subsidiaries of Holding Company

IDFC Asset Management Company Limited
IDFC Alternatives Limited

e) Transactions with related parties

(₹ in '000)

	Nature of Transactions / Balance outstanding	For the year ended March 31, 2021	For the year ended March 31, 2020
Holding Company			
IDFC Limited	Advance taken	274	5,064
	Advance repaid	50	96
	Amount payable	942,970	942,746
	Shared service cost paid	145	-
Associate			
Jetpur Somnath Tollways Private Limited	Subscription towards preference share capital	-	8,159
	Investment outstanding (gross)	1,321,919	1,321,919
IDFC FIRST Bank Limited	Balance in Current Accounts	180	413
Common subsidiary			
IDFC Asset Management Company Limited	Shared service cost paid	-	76
IDFC Alternatives Limited	Inter Corporate Deposit Taken	500	-
	Inter Corporate Deposit O/s	500	-
	Interest payable on Inter Corporate Deposit	3	-
	Interest on Inter Corporate Deposit	3	-

22. COVID-19 IMPACT

COVID-19 outbreak was declared a global pandemic by the World Health Organization. Management has made an assessment of the ongoing situation on its liquidity position, carrying value of its assets as at March 31, 2021 and believes that it has taken into account all the possible impact of known events arising from COVID-19 pandemic in the preparation of the financial statements as at March 31, 2021. However, with the current "second wave" that has significantly increased the number of cases in India and given the dynamic and evolving nature of COVID-19, the Company will continue to monitor any material changes to future economic conditions.

23. Amounts less than ₹ 500 have been denoted by β.

For Price Waterhouse & Co Chartered Accountants LLP
(Registration No 304026E/E-300009)

Ketan Asher
Partner
Membership Number : 113522

Mumbai, June 3, 2021

For and on behalf of the Board of Directors of
IDFC Projects Limited
CIN :- U45203TN2007PLC135765

Prerana Porwal
Chief Executive Officer
PAN: BEDPP3082B

Mahendra N. Shah
Director
DIN: 00124629

Bipin Gemani
Director
DIN: 01731829

Anupama Mishra
Chief Financial Officer
PAN: BZUPM9460L

Shivangi Mistry
Company Secretary
PAN: BNWPM0542B

IDFC ALTERNATIVES LIMITED

CIN	U67190TN2002PLC132310
DIRECTORS	Mr. Sunil Kakar (Chairman) Mr. Bipin Gemani Mr. Mahendra N. Shah
AUDITORS	Price Waterhouse & Co. LLP Chartered Accountants
PRINCIPAL BANKER	IDFC FIRST Bank Limited
REGISTERED OFFICE	4th Floor, Capitale Tower, 555 Anna Salai, Thiru Vi Ka Kudiyiruppu, Teynampet, Chennai - 600 018 TEL: +91 44 4564 4202 FAX: +91 44 4564 4222

BOARD'S REPORT

TO THE MEMBERS

Your Directors have pleasure in presenting the Nineteenth Annual Report of IDFC Alternatives Limited ("the Company") together with the audited financial statements for the year ended March 31, 2021.

OPERATIONAL REVIEW AND FUTURE OUTLOOK

As on March 31, 2021, the Company do not have any business operations.

In the view of the fact that there are no operations in the Company, and there are no specific business plans for future, the financial statements have been prepared on a Non-going Concern basis and accordingly, assets are stated at realizable values and liabilities at their discharge values.

FINANCIAL HIGHLIGHTS

		₹ IN LAKHS
	FOR THE YEAR ENDED MARCH 31, 2021	FOR THE YEAR ENDED MARCH 31, 2020
From continuing operations		
Total Income	2,451	3,072
Less: Total Expenses	765	2,848
Profit before Tax	1,686	224
Less: Provision for Tax	1,329	411
Profit / (Loss) after Tax	**357**	**(187)**
Other Comprehensive Income	-	-
Total Comprehensive Income	**357**	**(187)**

AMOUNT TO BE CARRIED FORWARD TO RESERVES

The details of amount carried forward to reserves are given in note no. 14B of the Notes forming part of the financial statements.

DIVIDEND

The Directors does not recommend any dividend for the financial year ended March 31, 2021.

BOARD OF DIRECTORS

In accordance with the Articles of Association of the Company and pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Mahendra Narandas Shah (DIN: 00124629) would retire by rotation at the ensuing AGM and being eligible, offers himself for re- appointment. The Board of Directors recommends re-appointment of Mr. Mahendra Narandas Shah, as a Director at the ensuing AGM.

BOARD MEETINGS

The Board of Directors of the Company meets at least once a quarter to review the quarterly results and to decide on business policy and strategy apart from other board business. During the year, the Board met seven times on April 10, 2020; April 28, 2020; June 23, 2020, August 26, 2020, November 09, 2020, February 11, 2021 and March 24, 2021. The gap between any two consecutive meetings was within the period prescribed under the Companies Act, 2013.

The attendance of the Board Meetings held during FY21 is given in the **Table 1**.

COMMITTEES OF THE BOARD

Pursuant to Rule 4 of Companies (Appointment and Qualification of Directors) Rules, 2014 as amended by the Ministry of Corporate Affairs vide G.S.R. 839(E) issued on July 5, 2017 and G.S.R. 880(E) issued on July 13, 2017, the Company, being a wholly owned subsidiary of IDFC Financial Holding Company Limited, was not required to appoint Independent Directors and also was not required to have Audit Committee and Nomination & Remuneration Committee. Hence, Company discontinued Meeting of Audit Committee and Nomination & Remuneration Committee.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR)

The CSR Committee comprises of Mr. Sunil Kakar as Chairman, Mr. Bipin Gemani and Mr. Mahendra N Shah as Members. The Members met once on March 24, 2021.

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

ATTENDANCE OF DIRECTORS AT BOARD AND COMMITTEE MEETING(S)

Table 1 shows attendance of Directors at the Board Meetings and Committee meeting(s) held for the year ended March 31, 2021. Attendance is presented as number of meeting(s) attended, out of the number of meeting(s) required to be attended.

TABLE 1

NAME OF THE DIRECTOR	DIN NO	DESIGNATION	BOARD MEETING	CSR COMMITTEE
Mr. Sunil Kakar	03055561	Non-Executive Director	C 7/7	C1/1
Mr. Mahendra N Shah	00136969	Nominee Director of IDFC Limited	7/7	1/1
Mr. Bipin Gemani	07816126	Nominee Director of IDFC Limited	7/7	1/1

BOARD'S REPORT

SHAREHOLDERS' UPDATE

The Board of Directors at its meeting held on February 05, 2020 have approved the amalgamation of IDFC Alternatives Limited with IDFC Limited subject to approval of Shareholders and other Regulatory Authorities.

The said Amalgamation is expected to be completed in FY22.

IDFC CAPITAL (SINGAPORE) PTE LTD

During the year, an application was filed for liquidation of IDFC Capital (Singapore) Pte Ltd, which was then liquidated on February 24, 2021 after obtaining all necessary regulatory approvals and completing all necessary formalities. As a result, it ceased to be subsidiary of the Company.

BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013, a detailed questionnaire was prepared and circulated to the Board for Annual evaluation for FY21. The Directors evaluated the Board as a whole, its committee and Individual Directors including Chairman. The exercise of Board evaluation was carried out and completed effectively.

REMUNERATION POLICY

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

STATUTORY AUDITORS

At AGM held on August 2, 2017, the Members of the Company appointed Price Waterhouse & Co Chartered Accountants LLP (FRN 304026E/E300009) ("PWC") as the Statutory Auditors of the Company for a period of Five years from the 15th AGM of the Company held for FY17 till the conclusion of the 20th AGM of the Company to be held for FY22.

As per the guidelines issued by RBI vide RBI/2020-21/25 ref no. DOS.CO.ARG/SEC.01/08.091.001/2021-22 dated April 27, 2021 for appointment/reappointment Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks excluding Regional Rural Banks (RRBs), United Co-operative Banks (UCBs) and NBFCs including Housing Finance Companies (HFCs) entities regulated by the Reserve Bank of India have to mandatorily rotate Statutory Auditors at the end of 3 (three) years. The said guidelines would be applicable for FY 2021-22 and onwards. NBFCs shall have flexibility to adopt these guidelines from H2(second half) of FY 2021-22. Accordingly, The Audit Committee and Board of Directors of IDFC Limited, at its respective meeting held on July 28, 2021 and August 11, 2021 proposed the appointment of Khimji Kunverji Co LLP as Statutory Auditors of the IDFC Limited for a period of 3 years'. Therefore, The Board Of Directors of IDFC Alternatives Limited at its meeting held on August 09, 2021 proposed the appointment of Khimji Kunverji Co LLP as Statutory Auditors of the IDFC Alternatives Limited for a period of 3 years' The Shareholders of the Company are requested to approve the appointment of Khimji Kunverji Co LLP which forms part of the Notice for convening the ensuing AGM.

COST AUDIT

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

COMPLIANCE WITH SECRETARIAL STANDARDS

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

AUDITOR'S REPORT

There are no qualifications, reservations or adverse remarks or disclaimers made by the Statutory Auditors in their report.

RELATED PARTY TRANSACTIONS

As per Section 177, the Audit Committee of the Board of Directors approves all the related party transactions of the Company on a quarterly basis. Related party transactions entered during the year under review were in the ordinary course of business and on an arm's length basis, thus not requiring Board/Shareholders' approval. A Board approved "Policy on Related Party Transactions" 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

The Company has adequate Internal Control Systems which are monitored by the Board.

RISK MANAGEMENT

The Board of the Company ensure the measurement and control of risk factors and advice on the same to the Management of the Company.

PARTICULARS OF EMPLOYEES

The Company do not have any employee as on March 31, 2021

PUBLIC DEPOSITS

During the year under review, your Company has neither invited nor accepted any Public Deposits.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

There were no loans or guarantee or investments made by the Company under the provisions of Section 186 of the Companies Act, 2013.

BOARD'S REPORT

FOREIGN EXCHANGE EXPENDITURE AND EARNINGS

There were no foreign exchange earnings during the year.

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.

MATERIAL CHANGES / COMMITMENTS

As per Section 134(3)(l) of the 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, 2021 till the date of this report.

INSTANCES OF FRAUD, IF ANY REPORTED BY THE AUDITORS

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

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

There are no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status of the Company.

INFORMATION REQUIRED UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013

The Company has in place a policy on Anti Sexual Harassment. There were no instances of Sexual Harassment that were reported under the Prevention of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Company undertakes ongoing trainings to create awareness on this policy.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that:

(a) in the preparation of financial statements for the year ended March 31, 2021, 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, 2021 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 non-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.

ACKNOWLEDGMENTS

We are grateful to Ministry of Corporate Affairs and other statutory authorities and its bankers for their continued support to the Company.

The Directors express their gratitude for the support and guidance received from IDFC and other group companies and also express their warm appreciation to all the employees of the Company for their commendable teamwork, professionalism and contribution during the year.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Mr. Sunil Kakar
Chairman

Mumbai, June 3, 2021

ANNEXURE I

FORM AOC-I

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

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

PART "A": SUBSIDIARIES

(Information in respect of each subsidiary to be presented with amounts in ₹)

1.	CIN	Foreign Company
2.	Name of the subsidiary	IDFC Capital Singapore Pte. Ltd
3.	Date since when subsidiary was acquired	March 26, 2015
4.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA
5.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Reporting Currency : USD Exchange Rate*
6.	Share capital (as on March 31, 2021)	Nil
7.	Reserves & surplus (as on March 31, 2021)	Nil
8.	Total assets (as on March 31, 2021)	Nil
9.	Total Liabilities (as on March 31, 2021)	Nil
10.	Investments	-
11.	Turnover	46,373
12.	Profit/(Loss) before taxation	(506,212)
13.	Provision for taxation	-
14.	Profit/(Loss) after taxation	(506,212)
15.	Proposed Dividend	NIL
16.	% of shareholding	Nil

Note: There are no subsidiaries which are yet to commence operations.
IDFC Capital Singapore Pte Ltd has been liquidated during the year. Hence all Balance sheet items are Nil.

*Exchange Rate:
Average Rate: 1 USD = INR 74.71

For and on behalf of the Board of Directors of
IDFC Alternatives Limited

Sunil Kakar
Director
DIN: 03055561

Bipin Gemani
Director
DIN: 07816126

Mumbai, June 3, 2021

ANNEXURE II

CORPORATE SOCIAL RESPONSIBILITY (CSR)

1. Brief outline on CSR Policy of the Company.

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 to mandatorily spend on CSR activities.

During the year, IDFC carried out CSR activities through its wholly owned subsidiary 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) research and studies in all or any of the activities mentioned in Schedule VII

2. Composition of CSR Committee:

SL. NO.	NAME OF DIRECTOR	DESIGNATION / NATURE OF DIRECTORSHIP	NUMBER OF MEETINGS OF CSR COMMITTEE HELD DURING THE YEAR	NUMBER OF MEETINGS OF CSR COMMITTEE ATTENDED DURING THE YEAR
1.	Sunil Kakar	Chairman	1	1
2.	Bipin Gemani	Member	1	1
3.	Mahendra N Shah	Member	1	1

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.

www.idfc.com

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report).

Not applicable as the Company's average CSR obligation has not more than 10 Cr. in the three immediately preceding financial year as per Section 135 (5) of the Act.

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

SL. NO.	FINANCIAL YEAR	AMOUNT AVAILABLE FOR SET-OFF FROM PRECEDING FINANCIAL YEARS (IN ₹ CR.)	AMOUNT REQUIRED TO BE SETOFF FOR THE FINANCIAL YEAR, IF ANY (IN ₹ CR.)
1	2019-20	0.01	NA
TOTAL		0.01	

6. Average net profit of the company as per section 135(5): - ₹ 18.04 Crore

7. (a) Two percent of average net profit of the company as per section 135(5): - ₹ 0.36 Crore

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: - Nil

(c) Amount required to be set off for the financial year, if any: ₹ 0.01 Crore

(c) Total CSR obligation for the financial year (7a+7b-7c). ₹ 0.35 Crore

ANNEXURE II

CORPORATE SOCIAL RESPONSIBILITY (CSR)

8. (a) CSR amount spent or unspent for the financial year:

TOTAL AMOUNT SPENT FOR THE FINANCIAL YEAR. (IN ₹ CR.)	AMOUNT UNSPENT (IN ₹ CR.)				
	TOTAL AMOUNT TRANSFERRED TO UNSPENT CSR ACCOUNT AS PER SECTION 135(6).		AMOUNT TRANSFERRED TO ANY FUND SPECIFIED UNDER SCHEDULE VII AS PER SECOND PROVISO TO SECTION 135(5).		
	AMOUNT	DATE OF TRANSFER	NAME OF THE FUND	AMOUNT.	DATE OF TRANSFER
0.35	Nil	Nil	Nil	Nil	Nil

(b) Details of CSR amount spent against **ongoing projects** for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
SL. NO.	NAME OF THE PROJECT	ITEM FROM THE LIST OF ACTIVITIES IN SCHEDULE VII TO THE ACT.	LOCAL AREA (YES/ NO).	LOCATION OF THE PROJECT.		PROJECT DURATION	AMOUNT ALLOCATED FOR THE PROJECT (IN ₹ CR.)	AMOUNT SPENT IN THE CURRENT FINANCIAL YEAR (IN ₹ CR)	AMOUNT TRANSFERRED TO UNSPENT CSR ACCOUNT FOR THE PROJECT AS PER SECTION 135(6) (IN ₹ CR).	MODE OF IMPLEMENTATION - DIRECT (YES/NO).	MODE OF IMPLEMENTATION - THROUGH IMPLEMENTING AGENCY	
				STATE.	DISTRICT.						NAME	CSR REGISTRATION NUMBER
1	Research & studies on various social and economic issues directly impacting welfare of people	Various clauses of Schedule VII	No	All India Coverage	All India Coverage	Cont.	0.34	0.34	Nil	No	IDFC Foundation	CSR00001386
	TOTAL						0.34	0.34				

(c) Details of CSR amount spent against **other than ongoing projects** for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
SL. NO.	NAME OF THE PROJECT	ITEM FROM THE LIST OF ACTIVITIES IN SCHEDULE VII TO THE ACT.	LOCAL AREA (YES/ NO).	LOCATION OF THE PROJECT.		AMOUNT SPENT FOR THE PROJECT (IN ₹ CR.)	MODE OF IMPLEMENTATION - DIRECT (YES/NO).	MODE OF IMPLEMENTATION - THROUGH IMPLEMENTING AGENCY	
				STATE.	DISTRICT.			NAME	CSR REGISTRATION NUMBER
1	Improving the competitiveness of Indian economy through jobs and livelihood creation.	Cl.(ii) livelihood enhancement projects,	No	All India Coverage	All India Coverage	0.01	No	IDFC Foundation	CSR00001386
	TOTAL					0.01			

(a) Amount spent in Administrative Overheads: - Nil

(b) Amount spent on Impact Assessment, if applicable: Nil

(c) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹ 0.35 Crore

(d) Excess amount for set off, if any: Nil

SL. NO.	PARTICULAR	AMOUNT (IN ₹ CR)
(i)	Two percent of average net profit of the company as per section 135(5)	0.36
(ii)	Total amount spent for the Financial Year	0.35
(iii)	Excess amount spent for the financial year [(ii)-(i)]	Nil
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	Nil

ANNEXURE II

CORPORATE SOCIAL RESPONSIBILITY (CSR)

9. (a) Details of Unspent CSR amount for the preceding the financial years:

SL. NO.	PRECEDING FINANCIAL YEAR	AMOUNT TRANSFERRED TO UNSPENT CSR ACCOUNT UNDER SECTION 135 (6) (IN ₹ CR.)	AMOUNT SPENT IN THE REPORTING FINANCIAL YEAR (IN ₹ CR.)	AMOUNT TRANSFERRED TO ANY FUND SPECIFIED UNDER SCHEDULE VII AS PER SECTION 135(6), IF ANY.			AMOUNT REMAINING TO BE SPENT IN SUCCEEDING FINANCIAL YEARS. (IN ₹ CR.)
				NAME OF THE FUND	AMOU-NT (IN ₹ CR.)	DATE OF TRANSFER	
1.	NA	NA	NA	NA	NA	NA	NA
	TOTAL						

(b) Details of CSR amount spent in the financial year for **ongoing projects** of the preceding financial year(s):

(1) SL. NO.	(2) PROJECT ID.	(3) NAME OF THE PROJECT.	(4) FINANCIAL YEAR IN WHICH THE PROJECT WAS COMMENCED	(5) PROJECT DURATION.	(6) TOTAL AMOUNT ALLOCATED FOR THE PROJECT (IN ₹ CR.).	(7) AMOUNT SPENT ON THE PROJECT IN THE REPORTING FINANCIAL YEAR (IN ₹ CR.).	(8) CUMULATIVE AMOUNT SPENT AT THE END OF REPORTING FINANCIAL YEAR. (IN ₹ CR.)	(9) STATUS OF THE PROJECT - COMPLETED / ONGOING
1.	Institute	Research & studies on various social and economic issues directly impacting welfare of people	2014-15	Cont.	0.02	0.02	1.25	Ongoing
	TOTAL				0.02	0.02	1.25	

*The excess spending of ₹ 0.02 Cr. has been made out of the previous year's CSR contribution available with the implementing agency i.e. IDFC Foundation.

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year **(asset-wise details)**.
    (a) Date of creation or acquisition of the capital asset(s): NA
    (b) Amount of CSR spent for creation or acquisition of capital asset.: NA
    (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.: NA
    (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).: NA
11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5).

	Sd/-	Sd/-
	Mr. Bipin Gemani	Mr. Sunil Kakar
Mumbai, June 3, 2021	Director	(Chairman CSR Committee)

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF IDFC ALTERNATIVES LIMITED

Report on the audit of the financial statements

Opinion

1. We have audited the accompanying financial statements of IDFC Alternatives Limited ("the Company"), which comprise the balance sheet as at March 31, 2021, and the statement of Profit and Loss (including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and total comprehensive income (comprising of profit and other comprehensive income), changes in equity and its cash flows for the year then ended.

Basis for opinion

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

Emphasis of Matter

4. We draw attention to note 1 (a) (ii) to the financial statements, regarding preparation of financial statements on realizable value basis, pursuant to management decision to discontinue the operations of the company in view of reasons stated therein. Further we draw attention to Note 25 to the financial statements, which describes the management's assessment of the impact of the outbreak of Coronavirus (COVID-19) on the business operations of the Company. In view of the uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve. Our opinion is not modified in respect of these matters.

Other Information

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

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

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

   We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

6. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
7. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances; Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other legal and regulatory requirements

11. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
12. As required by Section 143(3) of the Act, we report that:
    (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
    (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
    (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and Statement of Cash Flow 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 specified under Section 133 of the Act.
    (e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
    (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
    (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
        i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 24 to the financial statements;
        ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
        iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2021;
        iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2021.
13. During the year ended March 31, 2021, the Company has not paid/provided any managerial remuneration under the provisions of Section 197 read with Schedule V to the Act. Accordingly, reporting under section 197(16) of the Act is not applicable to the Company.

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration Number: 304026E/ E- 300009

Ketan Asher
Partner
Membership Number: 113522
UDIN: 21113522AAAAAZ7556

Place: Mumbai
Date: June 3, 2021

ANNEXURE A TO INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 12(f) of the Independent Auditor's Report of even date to the members of IDFC Alternatives Limited on the financial statements for the year ended March 31, 2021

Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls with reference to financial statements of IDFC Alternatives Limited ("the Company") as of March 31, 2021 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

2. 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 issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements 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") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. 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 with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

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

5. 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 with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

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

Inherent Limitations of Internal Financial Controls with reference to financial statements

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

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, 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. Also refer paragraph 4 of the main audit report.

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration Number: 304026E/E-300009

Ketan Asher
Partner
Membership Number: 113522
UDIN: 21113522AAAAAZ7556

Place: Mumbai
Date: June 3, 2021

ANNEXURE B TO INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 11 of the Independent Auditors' Report of even date to the members of IDFC Alternatives Limited on the financial statements as of and for the year ended March 31, 2021

i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.

(b) The fixed assets of the Company were not physically verified by the Management as the Company has discarded all its fixed assets during the year.

(c) The Company does not own any immovable properties as disclosed in Note 8 on fixed assets to the financial statements as at year end. Therefore, the provisions of Clause 3(i)(c) of the said Order are not applicable to the Company.

ii. The Company does not have any operations during the year, and consequently, does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said Order are not applicable to the Company.

iii. There are no companies / firms / Limited Liability Partnerships / other parties covered in the register maintained under section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b), (iii)(c) of the said Order are not applicable to the Company.

iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of the loans and investments made, and guarantees and security provided by it.

v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including income tax, goods and service tax and other material statutory dues, as applicable, with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax and goods and service tax which have not been deposited on account of any dispute.

viii. As the Company does not have any loans or borrowings from any financial institution or bank or Government, nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(viii) of the Order are not applicable to the Company.

ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

xi. The Company has not paid managerial remuneration during the year ended March 31, 2021. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable to the Company. Also refer paragraph 13 of our main audit report.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 188 of the Act. The details of related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act. Further, the Company is not required to constitute an Audit Committee under Section 177 of the Act, and accordingly, to this extent, the provisions of Clause 3(xiii) of the Order are not applicable to the Company.

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

xv. The Company has not entered into any non cash transactions with its directors or persons connected with them. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

xvi. The Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. However, the Company has not applied for registration as an NBFC as at the date of the report – Refer note 1(a)(vi).

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration Number: 304026E/E-300009

Ketan Asher
Partner
Membership Number: 113522
UDIN: 21113522AAAAAZ7556

Place: Mumbai
Date: June 3, 2021

BALANCE SHEET

AS AT MARCH 31, 2021

(In ₹ lakhs)

	Note	As at March 31, 2021	As at March 31, 2020
ASSETS			
Financial assets			
Cash and cash equivalents	3	2,519	5,945
Investments	4	13,085	11,535
Other financial assets	5	11,237	4,027
Non-financial assets			
Income tax assets (net)	6	555	2,522
Investment property	7	-	3,570
Property, plant and equipment	8	-	18
Other non-financial assets	9	-	25
Total assets		27,396	27,642
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Other payable	10		
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		16	4
Other financial liabilities	11	-	526
Non-financial Liabilities			
Income tax liabilities (net)	12	22	90
Deferred tax liabilities (net)	21	-	ß
Other non-financial liabilities	13	1	22
EQUITY			
Equity share capital	14A	22	22
Other equity	14B	27,335	26,978
Total liabilities and equity		27,396	27,642

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

For Price Waterhouse & Co Chartered Accountants LLP
(Firm Registration Number : 304026E/E-300009)

Ketan Asher
Partner
Membership Number : 113522

Mumbai, June 3, 2021

For and on behalf of the Board of Directors of
IDFC Alternatives Limited
CIN: U67190TN2002PLC132310

Bipin Gemani
Director
DIN: 07816126

Mahendra N. Shah
Director
DIN: 00124629

Mumbai, June 3, 2021

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2021

(In ₹ lakhs)

	Note	Year ended March 31, 2021	Year ended March 31, 2020
REVENUE FROM OPERATIONS			
Other income	15	2,451	3,072
Total income		2,451	3,072
EXPENSES			
Finance costs	16	9	16
Depreciation, amortisation and impairment	17	-	420
Provision on Financial assets	5	29	16
Impairment on Investment in subsidiary		-	2,305
Loss on winding up of subsidiary	18	14	-
Provisions and contingencies	19	(48)	(30)
Other expenses	20	761	121
Total expenses		765	2,848
Profit before tax		1,686	224
Income tax expense:	21		
- Current tax		301	471
- Deferred tax		β	(72)
- Tax adjustment of earlier years		1,028	12
Total tax expense		1,329	411
Profit/(loss) for the year		357	(187)
Other comprehensive income for the year		-	-
Total comprehensive income for the year		357	(187)
Earnings per equity share:			
- Basic (₹)	23	162.28	(85.03)
- Diluted (₹)	23	162.28	(85.03)

The accompanying notes are integral part of these financial statements.

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

For Price Waterhouse & Co Chartered Accountants LLP
(Firm Registration Number : 304026E/E-300009)

Ketan Asher
Partner
Membership Number : 113522

Mumbai, June 3, 2021

For and on behalf of the Board of Directors of
IDFC Alternatives Limited
CIN: U67190TN2002PLC132310

Bipin Gemani
Director
DIN: 07816126

Mahendra N. Shah
Director
DIN: 00124629

Mumbai, June 3, 2021

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2021

A. EQUITY SHARE CAPITAL

(In ₹ lakhs)

	Note	Number	Amount
As at March 31, 2019	14A	219,850	22
Issued during the year		-	-
As at March 31, 2020	14A	219,850	22
Issued during the year	14A	-	-
As at March 31, 2021		219,850	22

B. OTHER EQUITY

(In ₹ lakhs)

	Note	Reserves and surplus			Total other equity
		Securities premium	General reserve	Surplus/ (deficit) in the statement of profit and loss	
As at March 31, 2019	14B	19,983	2,597	17,108	39,688
Loss for the year		-	-	(187)	(187)
Dividend paid to shareholders		-	-	(10,388)	(10,388)
Dividend distribution tax		-	-	(2,135)	(2,135)
Total comprehensive income for the year		19,983	2,597	4,398	26,978
As at March 31, 2020	14B	19,983	2,597	4,398	26,978
Profit for the year		-	-	357	357
As at March 31, 2021	14B	19,983	2,597	4,755	27,335

The accompanying notes are integral part of these financial statements.

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

For Price Waterhouse & Co Chartered Accountants LLP
(Firm Registration Number : 304026E/E-300009)

Ketan Asher
Partner
Membership Number : 113522

Mumbai, June 3, 2021

For and on behalf of the Board of Directors of
IDFC Alternatives Limited
CIN: U67190TN2002PLC132310

Bipin Gemani
Director
DIN: 07816126

Mahendra N. Shah
Director
DIN: 00124629

Mumbai, June 3, 2021

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED MARCH 31, 2021

(In ₹ lakhs)

	Note	Year ended March 31, 2021	Year ended March 31, 2020
CASH FLOW FROM OPERATING ACTIVITIES :			
Profit/(Loss) before tax		1,686	224
Adjustments :			
Depreciation and amortisation	17	-	420
Change in fair value of financials assets at FVTPL	15	(909)	1,455
Net (gain) / loss on sale of investments	15	(766)	(3,802)
Provision for diminution in value of long term assets		14	2,305
Provision for contingencies	19	(48)	(30)
Operating profit before working capital changes		(23)	572
Adjustments for (increase)/ decrease in operating assets:			
Receivables		-	26
Other financial assets	5	45	(83)
Other non financial assets	9	73	270
Adjustments for increase/ (decrease) in operating liabilities			
Other payables	10	12	(46)
Other financial liabilities	11	(169)	17
Other non financial liabilities	13	(21)	(15)
Cash generated from operations		(83)	741
Less : Income taxes paid (net of refunds)		570	(279)
Net cash inflow / (outflow) from operating activities		487	462
CASH FLOW FROM INVESTING ACTIVITIES :			
Proceeds from disposal of Investment property		3,213	-
Recovery of depreciation on property, plant and equipments		18	110
Advance received against sale of property		-	357
Proceeds from sale of investments		22,196	72,382
Purchase of investment measured at FVTPL		(22,431)	(73,768)
Capital repayment from a subsidiary on winding up	4 & 18	346	22,461
Inter corporate deposits given		(19,955)	(3,700)
Inter corporate deposits repaid		12,700	-
Net cash inflow / (outflow) from investing activities		(3,913)	17,842
CASH FLOW FROM FINANCING ACTIVITIES :			
Dividend paid to shareholders (incl DDT)		-	(12,523)
Net cash inflow / (outflow) from financing activities		-	(12,523)
NET INCREASE/(DECREASE) IN CASH AND BANK BALANCES		(3,426)	5,781
Add : Cash and cash equivalents at beginning of the year	3	5,945	164
Cash and cash equivalents at end of the year	3	2,519	5,945

The statement of cash flow has been prepared using indirect method as permitted by Ind AS 7.

The accompanying notes are integral part of these financial statements.

This is the statement of cash flow referred to in our report of even date.

For Price Waterhouse & Co Chartered Accountants LLP
(Firm Registration Number : 304026E/E-300009)

Ketan Asher
Partner
Membership Number : 113522

Mumbai, June 3, 2021

For and on behalf of the Board of Directors of
IDFC Alternatives Limited
CIN: U67190TN2002PLC132310

Bipin Gemani
Director
DIN: 07816126

Mahendra N. Shah
Director
DIN: 00124629

Mumbai, June 3, 2021

BACKGROUND

IDFC Alternatives Limited (the 'Company') was a wholly owned subsidiary of IDFC Financial Holding Company Limited ('IDFC FHCL'), till November 7, 2019. The Company is incorporated in India and was providing Investment Management and Advisory Services. During the financial year 2019-20, the Board of Directors of the Company on November 8, 2019 approved the transfer of 219,850 equity shares of IDFC Alternatives Limited to IDFC limited, post which the Company is a wholly owned subsidiary of IDFC Limited. The registered office of the company is located at 4th Floor, Capitale Tower, 555 Anna Salai, Thiru Vi Ka Kudiyiruppu, Teynampet Chennai TN 600018.

The Company was an Investment Manager to IDFC Infrastructure Fund 2 of which IDFC Private Equity Fund II is a unit scheme ("Fund II"), IDFC Infrastructure Fund 3 of which IDFC Private Equity Fund III is a unit scheme ("Fund III") and India Infrastructure Fund ("IIF") all of which are domestic venture capital funds registered under the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996.

The Company was also the Investment Manager to the India Infrastructure Fund II registered under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 as a category I Alternative Investment Fund and IDFC Real Estate Yield Fund, IDFC SCORE Fund and IDFC Private Equity Fund IV registered under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 as a category II Alternative Investment Fund.

The company had entered into a business transfer agreement with Global Infrastructure Partners India LLP (on 27th April 2018) and Investcorp Asia Services Pte Ltd (on 26th July 2018) wherein the company had transferred the business undertaking as a going concern on a slump sale basis for a lump sum consideration.

The Company in the previous year had transferred the asset management rights with respect to the following Funds-

1. India Infrastructure Fund I
2. India Infrastructure Fund II
3. Real Estate Fund 1
4. Real Estate Fund 2
5. Private Equity Fund 3
6. Private Equity Fund 4

1. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

(i) Compliance with Ind AS

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

(ii) Going Concern Assumption

Since the company has transferred its main business operation (as mentioned in the background section above), the use of going concern assumption is inappropriate. Accordingly, the Company's financial statements have been prepared on non-going concern basis with all the assets and liabilities being stated at realizable value.

(iii) Order of liquidity

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

(iv) Consolidation

The Company basis evaluation of IND AS-110 exemption under 4(a) and as per Rule 6 of the Companies (Accounts) Rules, 2014, concluded that the financial statements would be consolidated by IDFC Limited, parent entity and consequently has availed exemption from preparation of consolidated financial statements.

(v) New and amended standards adopted by the Company:

The Company has applied the following amendments to Ind AS for the first time for their annual reporting period commencing 1 April 2020:

- Definition of Material – amendments to Ind AS 1 and Ind AS 8
- Definition of a Business – amendments to Ind AS 103
- COVID-19 related concessions – amendments to Ind AS 116
- Interest Rate Benchmark Reform – amendments to Ind AS 109 and Ind AS 107

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(vi) The income arising from financial assets and the financial assets exceeds more than 50% of the total income and total assets of the Company respectively for the year ended as at March 31, 2021. As the Company does not have any defined plans for the future operations, the Company does not wish to obtain NBFC registration as required u/s 45IA of the Reserve Bank of India Act, 1934.

b) Investment in Subsidiary

IDFC Capital Singapore Pte. Limited, a wholly owned subsidiary of the company is measured at cost less accumulated impairment. See note c (ii) below for the accounting policy for Impairment of Non-financial assets.

c) Financial instruments

Initial Recognition and Measurement

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

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

Financial assets

(i) Classification and subsequent measurement of financial assets

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

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

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

Debt Instruments

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

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

- the Company's business model for managing the asset; and
- the cash flow characteristics of the asset.

Business Model Assessment-

The business model reflects how the Company manages the assets in order to generate cash flows. The business model determines whether the Company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable or when performance of portfolio of financial assets managed is evaluated on a fair value basis, then the financial assets are classified as part of 'other' business model and measured at FVTPL. Factors considered by the company in assessing the business model test include-

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

Solely payment of principal and Interest Assessment (SPPI)

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments cash flows represent solely payments of principal and interest (the 'SPPI test').

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

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost is recognised in profit or loss when the asset is derecognised or impaired.

Fair value through other comprehensive income: Debt instruments that meet the following conditions are subsequently measured at FVOCI:

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

Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss.

Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI, are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented in the statement of profit and loss within other gains/ (losses) in the period in which it arises. Company's investment in venture capital fund units are classified as financial assets measured at FVTPL.

Equity Instruments

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

Changes in fair value of equity investments at FVTPL are recognised in the statement of profit and loss, except where the Company's management has elected, at initial recognition, to irrevocably designate an equity investment at FVOCI.

Where the management has elected to present gains and losses on equity instruments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to statement of profit and loss. Dividends from such investments are recognised in statement of profit and loss.

Currently, Company's investment in equity instruments has been classified as financial assets measured at FVTPL.

(ii) Impairment

The Company recognizes loss allowances for Expected Credit Losses (ECL) on its financial assets measured at amortized cost. At each reporting date, the Company assesses whether the above financial assets are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. The Company's ECL calculations are outputs of statistical models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies such as macroeconomic scenarios.

The Company assesses on a forward-looking basis the ECL associated with its financial instrument. The Company recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

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

(iii) Income recognition

Interest income

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

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

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

Dividend income

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

(iv) De-recognition of financial assets

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

- the Company transfers substantially all the risks and rewards of ownership, or

- the Company neither transfers nor retains substantially all the risks and rewards of ownership and the Company has not retained control.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss on disposal of that financial asset.

Financial liabilities and equity instruments
All financial liabilities are initially measured at fair value minus the transaction cost that are directly attributable to issuing the financial liability

(i) Classification as debt or equity
Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instruments issued by the Company are recognised at the proceeds received. Incremental costs directly attributable to the issue of new shares or financial instruments classified as equity are deducted, net of tax, from the proceeds.

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

(iii) De-recognition of financial liabilities
The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. A substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit and loss.

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

d) Offsetting financial instruments
Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

e) Other Income

- The realised gains / losses from financial instruments at FVTPL represents the difference between the carrying amount of a financial instrument at the beginning of the reporting period, or the transaction price if it was purchased in the current reporting period, and its settlement price.
- Interest income on financial assets at amortised cost is calculated using the effective interest method and is presented in the statement of profit and loss as part of other income.

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

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

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

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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

g) Leases

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

(i) Company as a lessee

Payments associated with short-term leases of premises are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

(ii) Company as a lessor

Lease income from operating leases where the Company is a lessor is recognised as income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

h) Cash and cash equivalents

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

i) Trade receivable

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

j) Property, plant and equipment

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

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

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

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives prescribed in Schedule II to the Companies Act, 2013.

Leasehold improvements are depreciated over the lease term or 5 years whichever is earlier.

Depreciation on additions during the year is provided on a pro-rata basis. The useful lives have been determined based on technical evaluation done by the management's expert which are higher than those specified by Schedule II to the Companies Act; 2013, in order to reflect the actual usage of the assets. The residual values are not more than 5% of the original cost of the asset.

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

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount and recognised as other expenses in the statement of profit and loss.

k) Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the group, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment properties are depreciated using the straight-line method over their estimated useful lives. Investment properties generally have a useful life of 25-40 years. The useful life has been determined based on technical evaluation performed by the management's expert.

l) Impairment of non-financial assets

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

m) Trade and other payable

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year, which are unpaid. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

n) Provisions

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

o) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

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

(ii) Diluted Earnings per share

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

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

p) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. Refer note 30 for segment information presented.

q) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (‘the functional currency’). The financial statements are presented in Indian Rupee (INR), which is the Company’s functional and presentation currency.

(ii) Transactions and balances

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

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

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

r) Rounding off

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

s) Dividends

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

2. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires the use of accounting estimates that, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company’s accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

- Estimation of current tax expense and payable – Note 21

  Estimates and judgements are evaluated continually. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

- Estimation of NAVs of Venture Capital Funds (VCFs) – Note 4 and note 28

  The Company has done a portfolio wise assessment of all the investee companies in which VCFs have invested and have provided for markdown on NAVs as communicated by Fund houses. This is done to incorporate the Covid-19 impact and illiquidity discount on all investee companies and reflect the same in Company's books of account.

3 CASH AND CASH EQUIVALENTS

(In ₹ lakhs)

	As at March 31, 2021	As at March 31, 2020
Balances with banks:		
In current accounts	2,519	5,945
Total	2,519	5,945

4 INVESTMENTS

(In ₹ lakhs)

	At fair value through profit and loss	Others*	Total
As at March 31, 2021			
Subsidiaries	-	-	-
Venture capital fund units	13,085	-	13,085
Total (A) - Gross	13,085	-	13,085
(Less): Impairment loss allowance	-	-	-
Total (A) - Net	13,085	-	13,085
Investments outside India	-	-	-
Investments in India	13,085	-	13,085
Total (B) - Gross	13,085	-	13,085
(Less): Impairment loss allowance	-	-	-
Total (B) - Net	13,085	-	13,085
As at March 31, 2020			
Subsidiaries	-	4,625	4,625
Venture capital fund units	11,175	-	11,175
Total (A) - Gross	11,175	4,625	15,800
(Less): Impairment loss allowance	-	(4,265)	(4,265)
Total (A) - Net	11,175	360	11,535
Investments outside India	-	4,625	4,625
Investments in India	11,175	-	11,175
Total (B) - Gross	11,175	4,625	15,800
(Less): Impairment loss allowance	-	(4,265)	(4,265)
Total (B) - Net	11,175	360	11,535

* Investment in subsidiaries measured cost as per Ind AS 27 are classified as others.

i) The IDFC Capital (Singapore) Pte. Limited was a wholly owned subsidiary of the Company. The subsidiary discontinued its business operations and was liquidated on February 23, 2021. The subsidiary's networth had eroded significantly due to accumulated losses from prior year operations. Consequently, the Company had written down the value of its investment in the subsidiary by ₹ 2,305 lakhs in March 2020, ₹ 1,184 lakhs in March 2019 and ₹ 776 lakhs in March 2018, considering its recoverable amount as ₹ 360 lakhs in March 2020 against its carrying value of ₹ 4,625 lakhs in March 2020. Recoverable amount has reduced significantly as IDFC Capital (Singapore) Pte. Limited on April 30, 2019 held an EGM to reduce 38,000,000 shares of the Company and return SGD 38,000,000 (₹ 19,330 lakhs in INR) to IDFC Alternatives Limited - the holding Company. Also on November 8, 2019 the subsidiary company repatriated ₹ 3,131 lakhs to the holding Company which is adjusted against the investment.

The balance amounting ₹ 346 lakhs has been received by the holding Company on October 16, 2020 and hence the investment is Nil as on March 31, 2021.

The Company has reversed the total provision of ₹ 4,265 lakhs and booked actual loss of ₹ 4,279 lakhs in its statement of profit and loss for year ended March 31, 2021.

ii) Net asset value (NAV) for unquoted venture capital fund units represents the repurchase price determined by the issuer.

iii) IDFC Financial Holding Company Limited (IDFC FHCL), a subsidiary of IDFC Limited had taken a loan of ₹ 20,000 lakhs from HDFC Limited @ 12% p.a. and pledged 450,000 units of Investcorp Score Funds and 7,332,581 units of Investcorp Private Equity Fund II. As at March 31, 2021 entire loan has been repaid to HDFC Limited and the pledge on the securities provided has been released.

iv) More information regarding the valuation methodologies are disclosed in Note 28.

5 OTHER FINANCIAL ASSETS

(In ₹ lakhs)

	As at March 31, 2021	As at March 31, 2020
Interest accrued and not due	265	90
Other Advances	63	63
Security deposits	β	190
Inter corporate deposit to Group entities (see note (i) and 30)	10,955	3,700
Provision on financial assets	(46)	(16)
Total	11,237	4,027

(i) The Company has given inter corporate deposit to IDFC Limited (Holding Company), IDFC Financial Holding Company Limited (fellow subsidiary) and IDFC Projects Limited (fellow subsidiary) for operational requirements. Market linked interest rates are charged and the same is payable on maturity or repayable on demand.

6 INCOME TAX ASSETS

(In ₹ lakhs)

	As at March 31, 2021	As at March 31, 2020
Advance tax, Tax deducted at source	555	2,522
(net of provision for tax ₹ 3,983 lakhs as at March 31, 2021; ₹ 11,021 lakhs as at March 31, 2020)		
Total	555	2,522

7 INVESTMENT PROPERTY

(In ₹ lakhs)

	As at March 31, 2021	As at March 31, 2020
Investment property		
Gross carrying amount		
Opening gross carrying amount	4,279	4,279
Additions	-	-
Disposals and transfers	(4,279)	-
Closing gross carrying amount	-	4,279
Accumulated depreciation		
Opening accumulated depreciation	709	290
Depreciation charge during the year	-	82
Impairment during the year	-	337
Disposals and transfers	(709)	-
Closing accumulated depreciation	-	709
Net carrying amount	-	3,570

For year ended March 31, 2020 investment property was valued at which the sale price was quoted in the agreement signed with Foundacres Buildwell Private Limited (the buyer).

Details of the Company's investment properties and information about the fair value hierarchy [Level 3] as at March 31, 2021; March 31, 2020 are as follows:

(In ₹ lakhs)

	As at March 31, 2021	As at March 31, 2020
Building	-	3,570
Total	-	3,570

Amount recognised in the statement of profit and loss for investment properties (In ₹ lakhs)

	As at March 31, 2021	As at March 31, 2020
Rental income	236	368
Direct operating expenses that generated rental income	12	22
Direct operating expenses that did not generated rental income	-	-
Profit from investment properties before depreciation	224	346
Depreciation	-	82
Impairment	-	337
Profit from investment properties	224	(73)

8 PROPERTY, PLANT AND EQUIPMENT

(In ₹ lakhs)

	As at March 31, 2021	As at March 31, 2020
Leasehold improvements		
Gross carrying amount		
Opening gross carrying amount	348	348
Additions	-	-
Disposals and transfers	(348)	-
Closing gross carrying amount	-	348
Accumulated depreciation		
Opening accumulated depreciation	330	220
Depreciation charge during the year *	18	110
Disposals and transfers	(348)	-
Closing accumulated depreciation	-	330
Net carrying amount	-	18

Depreciation amounting ₹ 18 lakhs (Previous year ₹ 110 lakhs) has been recovered from sub leased tenants and hence no impact of depreciation can be seen in Statement of profit and loss.

9 OTHER NON-FINANCIAL ASSETS

(In ₹ lakhs)

	As at March 31, 2021	As at March 31, 2020
Prepaid expenses	-	β
Balances with government authorities	196	269
Provision for doubtful receivables	(196)	(244)
Total	-	25

10 OTHER PAYABLES

(In ₹ lakhs)

	As at March 31, 2021	As at March 31, 2020
- Total outstanding dues of micro enterprises and small enterprises	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	16	4
Total	16	4

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

(In ₹ lakhs)

	As at March 31, 2021	As at March 31, 2020
Principal amount due to suppliers registered under MSMED Act and remaining unpaid at the period end	-	-
Interest due to suppliers registered under MSMED Act and remaining unpaid at the period end	-	-
Principal amount due to suppliers registered under MSMED Act, beyond the appointed day during the period.	-	-
Interest paid other than under section 16 of MSMED Act, to suppliers registered under MSMED Act, beyond the appointed day during the period.	-	-
Interest paid under section 16 of MSMED Act, to suppliers registered under MSMED Act, beyond the appointed day during the period.	-	-
Interest due and payable towards suppliers registered under MSMED Act, for payments already made	-	-
Further interest remaining due and payable for earlier years	-	-

11 OTHER FINANCIAL LIABILITIES

(In ₹ lakhs)

	As at March 31, 2021	As at March 31, 2020
Security deposit	-	169
Other payables	-	357
Total	-	526

12 INCOME TAX LIABILITIES

(In ₹ lakhs)

	As at March 31, 2021	As at March 31, 2020
Provision for income tax	22	90
(net of advance tax ₹ 413 lakhs (₹ 2,732 lakhs as at March 31, 2020)		
Total	22	90

13 OTHER NON-FINANCIAL LIABILITIES

(In ₹ lakhs)

	As at March 31, 2021	As at March 31, 2020
Rent received in advance	-	7
Statutory dues payable	1	15
Total	1	22

14A. EQUITY SHARE CAPITAL

(In ₹ lakhs)

	As at March 31, 2021		As at March 31, 2020	
	Number	In ₹ lakhs	Number	In ₹ lakhs
Authorised shares				
Equity shares of ₹ 10 each	227,000,000	22,700	227,000,000	22,700
Issued, subscribed & fully paid-up shares				
Equity shares of ₹ 10 each	219,850	22	219,850	22
Total	219,850	22	219,850	22

a) Movements in equity share capital

(In ₹ lakhs)

	As at March 31, 2021		As at March 31, 2020	
	Number	In ₹ lakhs	Number	In ₹ lakhs
Outstanding at the beginning of the year	219,850	22	219,850	22
Shares issued during the year	-	-	-	-
Outstanding at the end of the year	219,850	22	219,850	22

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

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

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

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

During the previous year, the Company had paid an interim dividend of ₹ 4,725 per share on 219,850 equity shares of the Company, aggregating to ₹ 10,388 lakhs on November 14, 2019 to IDFC Limited. DDT on the same amounting ₹ 2,135 lakhs had also been paid.

c) **Details of shares held by the holding company** (In ₹ lakhs)

Equity shareholders	As at March 31, 2021		As at March 31, 2020	
	Number	% holding	Number	% holding
IDFC Limited and its nominees	219,850	100%	219,850	100%

As the Company has surrendered its license, it ceased to be a regulated entity and only regulated entities can be held under the IDFC FHCL as per the RBI guidelines of February 2013.

During the previous year, the board of Directors of the Company on November 8, 2019 had approved the transfer of 219,850 equity shares of IDFC Alternatives Limited to IDFC limited , post which IDFC Alternatives Limited is a wholly owned Subsidiary of IDFC Limited.

d) **Details of shareholders holding more than 5% of the shares in the Company** (In ₹ lakhs)

Equity shareholders	As at March 31, 2021		As at March 31, 2020	
	Number	% holding	Number	% holding
IDFC Limited and its nominees	219,850	100%	219,850	100%

14B RESERVES AND SURPLUS (In ₹ lakhs)

	As at March 31, 2021	As at March 31, 2020
Surplus in the statement of profit and loss	4,755	4,398
Securities premium	19,983	19,983
General reserve	2,597	2,597
Total	27,335	26,978

a) **Surplus in the statement of profit and loss** (In ₹ lakhs)

	As at March 31, 2021	As at March 31, 2020
Opening balance	4,398	17,108
Net profit / (loss) for the year	357	(187)
Dividend paid to shareholders	-	(10,388)
Dividend distribution tax	-	(2,135)
Closing balance	4,755	4,398

b) **Securities premium** (In ₹ lakhs)

	As at March 31, 2021	As at March 31, 2020
Opening balance	19,983	19,983
Changes during the year	-	-
Closing balance	19,983	19,983

c) General reserve

(In ₹ lakhs)

	As at March 31, 2021	As at March 31, 2020
Opening balance	2,597	2,597
Appropriations during the year	-	-
Closing balance	2,597	2,597

14C. NATURE AND PURPOSE OF RESERVE

a) Securities premium

It is used to record the premium on issue of shares. The reserve can be utilised only for limited purpose such as issue of bonus shares in accordance with the provisions of the Companies Act, 2013.

b) General reserve

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

15 OTHER INCOME

(In ₹ lakhs)

	Year ended March 31, 2021	Year ended March 31, 2020
Interest income	482	295
Interest on income tax refund	40	55
Net gain on fair value changes of financial instruments measured at FVTPL		
- Realised	766	3,802
- Unrealised	909	(1455)
Rental income	243	368
Miscellaneous income	11	7
Total	2,451	3,072

16 FINANCE COST

(In ₹ lakhs)

	Year ended March 31, 2021	Year ended March 31, 2020
On financial liabilities measured at amortised cost:		
Other interest expense	9	16
Total	9	16

17 DEPRECIATION, AMORTISATION AND IMPAIRMENT

(In ₹ lakhs)

	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation of investment property	-	420
Total	-	420

18 LOSS ON WINDING UP OF SUBSIDIARY

	Year ended March 31, 2021	Year ended March 31, 2020
Impairment on Investment in Subsidiary	4,279	-
Less: Provision already held	(4,265)	-
Total	14	-

19 PROVISIONS AND CONTINGENCIES

(In ₹ lakhs)

	Year ended March 31, 2021	Year ended March 31, 2020
Provisions for doubtful receivables	(48)	(30)
Total	(48)	(30)

20 OTHER EXPENSES

(In ₹ lakhs)

	Year ended March 31, 2021	Year ended March 31, 2020
Rent, rates and taxes	112	15
Insurance charges	-	3
Travelling and conveyance	-	2
Advertising and publicity	-	1
Professional fees	31	37
Contribution for corporate social responsibility (CSR) [refer note (b) below]	35	30
Auditors' remuneration [refer note (a) below]	7	10
Shared service costs recovered	1	19
Income tax assets written off	574	-
Miscellaneous expenses	1	4
Total	761	121

a) Breakup of Auditors' remuneration

(In ₹ lakhs)

	Year ended March 31, 2021	Year ended March 31, 2020
Audit fees	2	2
Tax audit fees	2	2
Other Services	3	6
Out-of-pocket expenses	ß	ß
Total	7	10

b) Contribution for corporate social responsibility (CSR)

i. As per Section 135 of the Companies Act, 2013, amount required to be spent by the Company on Corporate Social Responsibility (CSR) related activities during the period is ₹ 36 lakhs (previous year ₹ 29 lakhs).

ii. Amount spent towards CSR during the year and recognised as expense in the Statement of Profit and Loss on CSR related activities is ₹ 35 lakhs (previous year ₹ 30 lakhs), which comprise of following:

(In ₹ lakhs)

	Year ended March 31, 2021	Year ended March 31, 2020
CSR Expenditure:		
IDFC Foundation	35	29
Prime Minister's CARES Fund*	-	1
	35	30
Amount spent during the year on:		
(i) Construction/acquisition of an asset	-	-
(ii) On purposes other than (i) above	35	30
Total	35	30

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

*Based on the Appeal received from the Government of India, Ministry of Corporate Affairs, the Company had additionally contributed ₹ 1 lakh towards Prime Minister's CARES fund in the previous year which the Company has offset against the CSR obligation arising in the current year in line with the direction received from Ministry of Corporate Affairs.

21 INCOME TAX

a) The components of income tax expense for the years ended March 31, 2021 and March 31, 2020 are:

(In ₹ lakhs)

	Year ended March 31, 2021	Year ended March 31, 2020
Current tax		
Current tax on profit for the year	301	471
Adjustment in respect of current income tax of prior years	1,028	12
Total current tax expense	1,329	483
Deferred tax		
Decrease /(Increase) in deferred tax asset	-	(72)
(Decrease) /Increase in deferred tax liability	ß	-
Total deferred tax expense/(benefit)	-	(72)
Income tax expense	1,329	411

b) Reconciliation of the total tax charge

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at Company's corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by Company's domestic tax rate for the years ended March 31, 2021 and March 31, 2020 is, as follows:

(In ₹ lakhs)

	Year ended March 31, 2021	Year ended March 31, 2020
Accounting profit before tax	1,686	224
Tax at India's statutory income tax rate of 25.17% (previous year 25.17%)	424	56
Tax effect of the amount which are not taxable in calculating taxable income :		
-Income not taxed		
Long term Capital loss not taxed	(1,144)	(620)
- Effect of Unrecognised temporary differences on		
- Depreciation	-	12
- Impairment on subsidiary	1,077	580
- Impairment on building	-	85
- Provisions and contingencies	(5)	(8)
- DTA not created on account of non going concern	-	366
- Effect of reversal of opening deferred tax asset as utilization is not probable	ß	(72)
- Deduction allowed u/s 24 & 35D	(18)	(27)
-Expenses not deductible for tax purposes (14A, 37 & 43B)	(37)	23
- Effect of prior year Adjustment	1,028	12
- Other	4	4
Income tax expense at effective tax rate	1,329	411

c) Deferred tax assets/liabilities

The balance comprises temporary differences attributable to the below items and corresponding movement in deferred tax liabilities / assets:

(In ₹ lakhs)

	As at March 31, 2020	Charged/ (credited) to profit and loss	Charged/ (credited) to OCI	As at March 31, 2021
Deferred tax liability:				
Fair value adjustments				
- Venture capital fund units	ß	ß	-	-
Net deferred tax asset/liability	-	-	-	-

(In ₹ lakhs)

	As at March 31, 2019	Charged/ (credited) to profit and loss	Charged/ (credited) to OCI	As at March 31, 2020
Deferred tax liability:				
Fair value adjustments				
- Venture capital fund units	72	(72)	-	-
- Mutual fund units	1	(1)	-	-
	73	(73)	-	-
Deferred tax asset:				
Property, plant and equipment	-	-	-	-
- Security deposits	ß	ß	-	ß
Others	-	-	-	-
Net deferred tax asset/liability	73	(73)	-	ß

d) Change of Tax rate

Taxation Laws (Amendment) Ordinance 2019, had inserted section 115BAA in the Income Tax Act, 1961, providing existing domestic companies with an option to pay tax at a concessional rate of 22% plus applicable surcharge and cess. These financial results are prepared on the basis that the Company had availed the option to pay income tax at the lower rate. Consequently, the Company had recognized Provision for Income Tax for the year ended March 31, 2020 and re-measured its Deferred tax assets / liability as at March 31, 2020 basis the revised rate of 25.17%.

e) The Direct Tax Vivad Se Vishwas (VSV) Act, 2020 introduced a dispute resolution scheme, which is applicable to all appeals / petitions filed by the tax payer on the income tax department, which were pending until January 31, 2020, before any appellate forum. Under the Scheme, a taxpayer can settle a litigation pending before any forum by paying the tax on the disputed income and get a full waiver of interest and / or penalty. The Company paid ₹ 41.44 lakhs for AY 2013-14 and ₹ 21.30 lakhs for AY 2014-15 under VSV scheme and the same is no more part of contingent liabilities.

22A OPERATING LEASE COMMITMENTS – COMPANY AS LESSEE

The Company have taken office premises under operating leases, which expired in May 2020 (Previous Year: August 2017 to May 2020). Rent includes gross rental expenses of ₹ 382 lakhs in previous year. The committed lease rentals in the future are:

(In ₹ lakhs)

	As at March 31, 2021	As at March 31, 2020
Not later than one year	-	64
Later than one year and not later than five years	-	-

No provision is recognised for future lease rentals nor any imapirment on the carrying amount of the leasehold improvements as Company has back to back sub-let the premises taken on lease.

22B. OPERATING LEASE COMMITMENTS – COMPANY AS A LESSOR

The Company has given office premises under operating leases, which expired in September 2020. The committed lease rentals in the future are:

(In ₹ lakhs)

	As at March 31, 2021	As at March 31, 2020
Not later than one year	-	177
Later than one year and not later than five years	-	-

i) Details of leased assets

(In ₹ lakhs)

	As at March 31, 2021	As at March 31, 2020
Building		
Cost/deemed cost	-	4,279
Accumulated depreciation / impairment	-	709
Net carrying amount	-	3,570

23 EARNINGS PER SHARE (EPS)

(In ₹ lakhs)

	Year ended March 31, 2021	Year ended March 31, 2020
Total basic earnings per share attributable to the equity holders of the Company (In ₹)		
(a) Basic and diluted earnings / (Loss) per share		
Profit / (Loss) attributable to the equity holders of the Company	357	(187)
(b) Weighted average number of shares used as the denominator		
Weighted average number of equity shares used as the denominator in calculating basic and diluted earnings per share	219,850	219,850
(c) Basic and diluted Earnings / (loss) Per Share (in ₹)	162.28	(85.03)
(d) Nominal Value Per Share (in ₹)	10	10

24 CONTINGENCIES AND COMMITMENTS

(In ₹ lakhs)

	As at March 31, 2021	As at March 31, 2020
Uncalled liability on shares and other investments partly paid	4,772	6,648
Claims not acknowledged as debts (Income tax demands)	442	39
Total	5,214	6,687

25 IMPACT OF COVID-19

In addition to the widespread public health implications, the COVID-19 pandemic has had an extraordinary impact on macroeconomic conditions in India and around the world. During the previous year, people and economies around the world, witnessed serious turbulence caused by the first wave of the pandemic, the consequent lockdowns, the gradual easing of restrictions and the emergence of new variants of the virus. The first half of the year was worst affected due to pandemic. However, there was an economic recovery in the later half as lockdowns eased consequent to reduction in COVID-19 cases. Although government has started vaccination drive, COVID-19 cases have significantly increased in recent months due to second wave as compared to earlier levels in India. Various state governments have again announced strict measures include lockdowns to contain this spread. As COVID vaccines get administered to more and more people, businesses in sectors impacted by pandemic pandemic may pick up. However, the continuing and evolving nature of the virus has created uncertainty regarding estimated time required for businesses and lives to get back to normal.

The Company continues to closely monitor the situation and in response to this health crisis has implemented protocols and processes to execute its business continuity plans.

The Management has performed detailed analysis of the fair value of its unquoted and illiquid investments and appropriate adjustments to the fair value have been considered in the financial statements and has concluded that there are no other material adjustments required in the financial statements with respect to any other assets or liabilities.

Management believes that it has taken into account all the possible impact of known events arising from COVID 19 pandemic in the preparation of the financial statements. The Company will continue to monitor any material changes to future economic conditions. However, the impact assessment of COVID 19 is a continuing process given the uncertainties associated with its nature and duration.

26 CAPITAL MANAGEMENT

For the purpose of the Company's Capital Management, "Capital" includes equity capital, securities premium and all other equity reserves attributable to the shareholders. The management of the Company's capital position is undertaken by the Board of Directors (BoD) of the Company. The BoD ensures that the Company is adequately capitalised to meet its obligations, when due.

27 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

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

	As at March 31, 2021			As at March 31, 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	2,519	-	2,519	5,945	-	5,945
Investments	13,085	-	13,085	11,535	-	11,535
Other financial assets	11,237	-	11,237	4,027	-	4,027
Non-financial assets						
Income tax assets (Net)	555	-	555	2,522	-	2,522
Investment Property	-	-	-	3,570	-	3,570
Property, plant and equipment	-	-	-	18	-	18
Other non-financial assets	-	-	-	25	-	25
Total assets	27,396	-	27,396	27,642	-	27,642
Financial liabilities						
Payables						
(I) Trade payables						
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-
(II) Other payables						
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	16	-	16	4	-	4
Other financial liabilities	-	-	-	526	-	526
Non-financial Liabilities						
Income tax liabilities (Net)	22	-	22	90	-	90
Deferred tax liabilities (Net)	-	-	-	ß	-	β
Other non-financial liabilities	1	-	1	22	-	22
Total liabilities	39	-	39	642	-	642
Net	27,357	-	27,357	27,000	-	27,000

28 FAIR VALUE MEASUREMENT

a) Financial Instruments by Category

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

(In ₹ lakhs)

	As at March 31, 2021	
	Fair value through P&L	Amortised cost
Financial Assets:		
Cash and cash equivalents	-	2,519
Investments:		
- Venture capital fund units	13,085	-
Other financial assets	-	11,237
Total Financial Assets	13,085	13,756
Financial Liabilities:		
Trade and other payables	-	16
Total Financial Liabilities	-	16

(In ₹ lakhs)

	As at March 31, 2020	
	Fair value through P&L	Amortised cost
Financial Assets:		
Cash and cash equivalents	-	5,945
Investments:		
- Venture capital fund units	11,175	-
- Subsidiaries	-	360
Other financial assets	-	4,027
Total Financial Assets	11,175	10,332
Financial Liabilities:		
Trade and other payables	-	4
Other financial liabilities	-	526
Total Financial Liabilities	-	530

b) Fair value hierarchy

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

As at March 31, 2021 (In ₹ lakhs)

Assets and liabilities measured at fair value - recurring fair value	Note	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL	5				
- Venture capital fund units		-	-	13,085	13,085
Total financial assets		-	-	13,085	13,085

As at March 31, 2020 (In ₹ lakhs)

Assets and liabilities measured at fair value - recurring fair value	Note	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL	5				
- Venture capital fund units		-	-	11,175	11,175
Total financial assets		-	-	11,175	11,175

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

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

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

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

The hierarchies used are as follows:

Level 1: Hierarchy includes financial instruments measured using quoted price available. The fair value of financial instruments that are traded / quoated in an active market.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is include in level 3.

c) Valuation technique used to determine fair value

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

i) Specific valuation techniques used to value financial instruments include:

- the fair value of the venture capital units is determined using NAV at the reporting date as declared by the issuer. ^

^ Considering the current scenario with respect to the Covid-19 pandemic and the stress in various sectors of the economy the Company has taken appropriate haircuts and provided for an additional diminution over and above the NAV communicated by the VCFs in order to appropriately reflect the fair value as on March 31, 2021 and as on March 31, 2020.

ii) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the periods ended March 31, 2021 and March 31, 2020:

(In ₹ lakhs)

	Venture capital fund units	Total
As at March 31, 2019	154	154
Acquisitions during the year	12,643	12,643
Disposal during the year	(171)	
Gains/(losses) recognised in profit and loss	(1,451)	(1,451)
As at March 31, 2020	11,175	11,175
Acquisitions during the year	1,877	1,877
Disposal during the year	(876)	(876)
Gains/(losses) recognised in profit and loss	909	909
As at March 31, 2021	13,085	13,085

iii) Valuation inputs and relationships to fair value

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

	Fair Value as at 31st March 2021	Fair Value as at 31st March 2020	Significant unobservable inputs	Probability-weighted range	Sensitivity
Venture capital fund units	13,085	11,175	Net Asset Value	10%	Whilst these investments are not traded on any market, they are exposed to price risk in respect of their underlying investments. 10% is the sensitivity rate used when reporting price risk internally to key management personnel and represents management's assessment of the possible net change in underlying prices. A 10% increase/(decrease) in the net asset value would increase/(decrease) the Company's gain/(loss) by ₹ 979 lakhs.(31st March 2020 - ₹ 836 lakhs)

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

For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts are a reasonable approximation of their fair value. Such instruments include, cash and bank balances, inter-corporate deposits, trade and other payables, security deposits, short term bank deposits without a specific maturity.

The fair values for security deposits were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

29 FINANCIAL RISK MANAGEMENT

Risk management is an integral part of the business practices of the Company. The framework of risk management concentrates on formalising a system to deal with the most relevant risks, building on existing management practices, knowledge and structures. The Company's senior management has the overall responsibility for the establishment and oversight of the Company's risk management framework. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The financial instruments held by the Company expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial asset fails to meet its contractual obligations and arises principally from the Company's cash and cash equivalents, and other financial assets which includes inter-corporate deposits to a group company, interest accrued thereon and other advances measured at amortised cost.

Credit risk exposure:

The gross carrying amounts of following financial assets represent the maximum credit risk exposure:

Other financial assets (In ₹ lakhs)

	As at March 31, 2021	As at March 31, 2020
Interest accrued and not due	265	90
Other Advances	63	63
Security deposits	ß	190
Inter corporate deposit to Group entities	10,955	3,700
Total	11,283	4,043

Other financial assets

In determining the Expected Credit Loss ("ECL"), management assesses a range of possible outcomes, taking into account past events, current conditions and the economic outlook. Additional facts and circumstances, that in management's judgment are considered to have been inadequately addressed in the ECL Model, are taken into consideration through the application of a management overlay framework. ECL adjustments arising from the exercise of the management overlay are subject to a review.

Expected credit loss methodology:

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

Stage 1 - A financial instrument that is not credit impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Company. The Company has established credit quality review process which considers net asset position, financial strength and leverage; operational & financial performance; cash flows, etc. in identification of creditworthiness of counterparties.

Stage 2- Financial instruments with significant increase in credit risk, but not yet deemed to be credit impaired are moved to Stage 2.

Stage 3 - Credit impaired financial instruments are moved to stage 3.

Inputs considered in the ECL model:

The Company has used simplified approach to provide expected credit loss on other financial assets as prescribed by Ind AS 109 which permits use of lifetime expected credit loss. The Company has historic credit loss data to compute ECL. The Company uses days past due information and forecasts the information to assess deterioration in credit quality of a financial asset.

The following table contains an analysis of Company's exposure on other financial assets for which ECL allowance is recognised:

Reconciliation of ECL (In ₹ lakhs)

	Stage 1 (12M ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL)	Total
Impairment allowance as at March 31, 2020	-	16	-	16
- arising during the year	-	29	-	29
- utilised	-	-	-	-
Impairment allowance as at March 31, 2021	-	45	-	45

Cash and cash equivalents are held with only high rated banks, credit risk on them is therefore insignificant.

Concentration of Credit Risk:

The Company monitors concentration of credit risk by exposure to Group companies and the sector in which they operate. The Company has given the Inter-corporate deposits (ICD) to group companies. The analysis of concentration of credit risk on ICD is as below:

(In ₹ lakhs)

	As at March 31, 2021	As at March 31, 2020
Gross Carrying Amount	10,955	3,700
Concentration by sector:		
- Non-Banking Financial Companies	10,950	3,700
- Infrastructure Projects Company	5	-
Total	10,955	3,700

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. Prudent liquidity risk management implies maintaining sufficient cash and liquid investments. The Company believes that current cash and bank balances are sufficient to meet liquidity requirements since Company has no external borrowings.

Maturities of financial liabilities

The following table shows the maturity analysis of financial liabilities of the Company based on contractually agreed undiscounted cash flows as at the balance sheet date:

(In ₹ lakhs)

As at March 31, 2021	Note	Less than 12 months	More than 12 months	Total
Other payable	10	16	-	16
Total		16	-	16

As at March 31, 2020	Note	Less than 12 months	More than 12 months	Total
Other payable	10	4	-	4
Other financial liabilities	11	526	-	526
Total		530	-	530

c) Market risk

Market risk is the risk that the changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising returns.

i) Foreign Exchange Risk:

The company is exposed to foreign exchange risk primarily through balances arising in the normal course of business that are denominated in a currency other than the Company's functional currency. The management has assessed that the foreign exchange risk does not represent a significant risk to the Company.

ii) Interest rate risk:

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

The Company does not have any variable rate borrowings. The Company is exposed to interest rate risk from investments held in debt oriented mutual fund units. These funds invests in debt securities. Sensitivity analysis for exposure to interest rate risk in case of units backed by debt securities is not disclosed as there are no investments outstanding as on March 31, 2021 and March 31, 2020.

iii) Price Risk:

Price risk is the risk that the financial assets at fair value through profit or loss may fluctuate as a result of changes in Net Asset Value. Refer note 28(c)(iii) for sensitivity analysis.

30 SEGMENT INFORMATION

The Company is domiciled in India.The Company was engaged in the business of providing Asset Management Services to IDFC Infrastructure fund 2 and India Infrastructure fund II which contributed a single reportable business segment (in accordance with Ind AS 108). As there are no definitive business plan for the Company, the management is evaluating various business options including winding up of the Company. Accordingly, there is no segment revenue for the year ended March 31, 2021 and March 31, 2020. Similarly there are no segment assets and liabilities as on March 31, 2021 and March 31, 2020. The Company does not have any geographical segment.

31 RELATED PARTY TRANSACTIONS

a) Ultimate holding Company:

IDFC Limited (upto November 13, 2019)

b) Holding Company:

IDFC Limited (from November 14, 2019)

IDFC Financial Holding Company Limited (upto November 13, 2019)

c) Subsidiary

Name	Place of incorporation	% of ownership	
		As at March 31, 2021	As at March 31, 2020
IDFC Capital (Singapore) Pte. Limited (liquidated on February 23, 2021)	Singapore	-	100%

d) Fellow subsidiaries:

IDFC Asset Management Company Limited

IDFC Foundation

IDFC Projects Limited

IDFC Securities Limited (Upto June 10, 2020)

e) Associate of the Holding Company

IDFC FIRST Bank Limited

(In ₹ lakhs)

Name of the related party and nature of the relationship			As at March 31, 2021	As at March 31, 2020
(I)	**Holding Company**			
	IDFC Limited	Outstanding equity share capital	22	22
		Inter corporate deposit given	3,950	3,700
		Inter corporate deposit received	4,200	-
		Inter corporate deposit outstanding	3,450	3,700
		Interest accrued on Inter corporate deposit	83	76
		Shared services cost	1	25
		Interest income on Inter corporate deposit	259	85
(II)	**Fellow Subsidiary Companies**			
	IDFC Foundation	CSR expenditure	35	29
	IDFC Asset Management Company Limited	Shared service cost (Paid)	-	24
		Rent paid	-	1
	IDFC Financial Holding Company Limited	Inter corporate deposit taken	-	476
		Inter corporate deposit repaid	-	476
		Inter corporate deposit given	11,000	-
		Inter corporate deposit received	3,500	-
		Inter corporate deposit outstanding	7,500	-
		Interest accrued on Inter corporate deposit	162	-
		Interest income on Inter corporate deposit	186	-
		Interest paid	-	ß
	IDFC Securities Limited	Inter corporate deposit given	5,000	-
		Inter corporate deposit received	5,000	-
		Interest income on Inter corporate deposit	8	-
	IDFC Projects Limited	Inter corporate deposit given	5	-
		Inter corporate deposit outstanding	5	-
		Interest accrued on Inter corporate deposit	ß	-
		Interest income on Inter corporate deposit	ß	-
(III)	**Direct Subsidiary**			
	IDFC Capital (Singapore) Pte Ltd	Investment held in Capital Singapore (Net)	-	360
		Capital repatriation from a subsidiary	346	22,461
(IV)	**Associate of the Holding Company**			
	IDFC FIRST Bank Limited	Rental Income	236	354
		Interest income	23	187
		Balance with Bank in current account	2,519	5,943
		FD Placed	6,673	6,257
		FD Matured	6,673	6,397
		Security Deposit Payable	-	177

32 Amount Less than ₹ 50,000 have been denoted by β.

For Price Waterhouse & Co Chartered Accountants LLP
(Firm Registration Number : 304026E/E-300009)

Ketan Asher
Partner
Membership Number : 113522

Mumbai, June 3, 2021

For and on behalf of the Board of Directors of
IDFC Alternatives Limited
CIN: U67190TN2002PLC132310

Bipin Gemani
Director
DIN: 07816126

Mahendra N. Shah
Director
DIN: 00124629

Mumbai, June 3, 2021

IDFC TRUSTEE COMPANY LIMITED

CIN U65990TN2002PLC132309

DIRECTORS Mr. Sunil Kakar (Chairman)
Mr. Mahendra Shah
Mr. Bipin Gemani

AUDITORS Price Waterhouse & Co. LLP
Chartered Accountants

PRINCIPAL BANKER IDFC FIRST Bank Limited

REGISTERED OFFICE 4th Floor, Capitale Tower,
555 Anna Salai,
Thiru Vi Ka Kudiyiruppu,
Teynampet, Chennai - 600 018
TEL: +91 44 4564 4202
FAX: +91 44 4564 4222

BOARD'S REPORT

TO THE MEMBERS

Your Directors have pleasure in presenting the Nineteenth Annual Report together with the audited financial statements for the year ended March 31, 2021.

FINANCIAL HIGHLIGHTS **(AMOUNT IN '000)**

	FOR THE YEAR ENDED MARCH 31, 2021	FOR THE YEAR ENDED MARCH 31, 2020
Total Income	224	4,487
Less: Total Expenses	484	524
Profit before Tax	(260)	3,963
Less: Provision for Tax	44	1,009
Profit after Tax	**(304)**	**2,954**
Other Comprehensive Income		-
Total Comprehensive Income	**(304)**	**2,954**

COMPANY'S AFFAIRS

The main object of the Company is to act as trustee for various investment funds under the private equity business primarily established by IDFC Limited and its subsidiaries.

The Company acted as trustee of India Infrastructure Fund II, IDFC Project Equity Domestic Investor Trust II, IDFC Project Equity Domestic Investor Trust I, India Infrastructure Fund up-to January 24, 2019.

The Company also acted as trustee of Investcorp Private Equity Fund II (previously known as IDFC Private Equity Fund IV), Investcorp Score Fund (previously known as IDFC Score Fund), Investcorp Real Estate Yield Fund (previously known as IDFC Real Estate Yield Fund), Investcorp Infrastructure Fund 1 (previously known as IDFC Infrastructure Fund 3) upto October 07, 2019. The Company has given up its trusteeship rights for all the funds served by the Company. As on date, company has no operations.

In the view of the fact that there are no operations in the Company, and there are no specific business plans for future, the financial statements have been prepared on a Non-going Concern basis and accordingly, assets are stated at realizable values and liabilities at their discharge values.

AMOUNT TO BE CARRIED FORWARD TO RESERVES

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

DIVIDEND

The Directors do not recommend any dividend for the financial year ended March 31, 2021.

BOARD OF DIRECTORS

The Board comprises of three Directors.

In accordance with the Articles of Association of the Company and pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Mahendra Narandas Shah (DIN: 00124629) would retire by rotation at the ensuing Annual General Meeting ("AGM") and being eligible, offers himself for reappointment.

The Board of Directors recommends reappointment of Mr. Mahendra Narandas Shah at the ensuing AGM.

MEETINGS OF THE BOARD

During the year, four Board Meetings were convened and held. The gap between the two meetings was within the limit prescribed under the Companies Act, 2013. The composition of Board is in compliance with the Companies Act, 2013. The dates of the meetings were: June 23, 2020, August 26, 2020, November 09, 2020 and February 11, 2021. Attendance details of the Board Meeting are given in the below table.

ATTENDANCE DETAILS OF BOARD OF DIRECTORS FOR FY21

NAME OF THE MEMBER	DIN	POSITION	NO. OF MEETINGS HELD	NO. OF MEETINGS ATTENDED
Mr. Sunil Kakar	03055561	Chairperson & Non-Executive Director	4	4
Mr. Mahendra N. Shah	00124629	Non-Executive Director	4	4
Mr. Bipin Gemani	07816126	Nominee Director	4	4

AUDITORS

At its 15th AGM, The Shareholders of the Company had approved appointment of Price Waterhouse Co Chartered Accountants LLP (FRN 304026E/E300009) ("PWC") as the Statutory Auditors of the Company for a period of five years from the conclusion of the 15th AGM of the Company held for FY17 till the conclusion of the 20th AGM of the Company to be held for FY22, subject to subsequent Board's Report IDFC Trustee Company Limited.

As per the guidelines issued by RBI vide RBI/2020-21/25 ref no. DOS.CO.ARG/SEC.01/08.091.001/2021-22 dated April 27, 2021 for appointment/reappointment Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks excluding Regional Rural Banks (RRBs), United Co-operative Banks (UCBs) and NBFCs including Housing Finance Companies (HFCs) entities regulated by the Reserve Bank of India have to mandatorily rotate Statutory Auditors at the end of 3 (three) years. The said guidelines would be applicable for FY 2021-22 and onwards. NBFCs shall have flexibility to adopt these guidelines from H2(second half) of FY 2021-22. Accordingly, The Audit Committee and Board of Directors of IDFC Limited, at its respective meeting held on July 28, 2021 and August 11, 2021 proposed the appointment of Khimji Kunverji Co LLP as Statutory Auditors of the IDFC Limited for a period of 3 years'. Therefore, The Board Of Directors of IDFC Trustee Company Limited at its meeting held on August 09, 2021 proposed the appointment of Khimji Kunverji Co LLP as Statutory Auditors of the IDFC Trustee Company Limited for a period of 3 years'. The Shareholders of the Company are requested to approve the appointment of Khimji Kunverji Co LLP which forms part of the Notice for convening the ensuing AGM.

COST AUDIT

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

SHAREHOLDERS' UPDATE

The Board of Directors at its meeting held on February 05, 2020 have approved the amalgamation of IDFC Trustee Company Limited with IDFC Limited subject to approval of Shareholders and other Regulatory Authorities.

The said Amalgamation is expected to be completed in FY22.

RELATED PARTY TRANSACTIONS

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

INTERNAL CONTROL SYSTEMS

The Company has in place, adequate systems of Internal Control that commensurate with operations of the Company to ensure compliance with policies and procedures.

RISK MANAGEMENT

The Board members ensures control of risk factors and advice on the same to the Management of the Company.

PARTICULARS OF EMPLOYEES

The Company does not have any employee.

PUBLIC DEPOSITS

The Company has neither invited nor accepted any Public Deposits.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

There were no loans or guarantee or investments made by the Company under the provisions of Section 186 of the Companies Act, 2013.

FOREIGN EXCHANGE EARNINGS AND EXPENDITURE

There was no income or expenditure in foreign currency during the year 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.

MATERIAL CHANGES/ COMMITMENTS

As per Section 134(3)(l) of the 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, 2021 till the date of this report.

INSTANCES OF FRAUD, IF ANY REPORTED BY THE AUDITORS

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

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

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

AUDITOR'S REPORT

There are no qualifications, reservations or adverse remarks or disclaimers made by the Statutory Auditors in their report.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that:

(a) in the preparation of the annual financial statements for the year ended March 31, 2021, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

(b) such accounting policies have been selected and applied consistently and judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2021 and of the profit and loss of the Company for that period;

(c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) the annual financial statements have been prepared on a non - going concern basis; and

(e) Systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

ACKNOWLEDGEMENTS

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

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Sunil Kakar
Chairman

Mumbai, June 3, 2021

INDEPENDENT AUDITOR'S REPORT

To the Members of IDFC Trustee Company Limited

Report on the audit of the financial statements

Opinion

1. We have audited the accompanying financial statements of IDFC Trustee Company Limited ("the Company"), which comprise the balance sheet as at March 31, 2021, and the statement of Profit and Loss (including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and total comprehensive income (comprising of loss and other comprehensive income), changes in equity and its cash flows for the year then ended.

Basis for opinion

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

Emphasis on Matter

4. We draw attention to note 1B(a)(ii) to the financial statements, regarding preparation of financial statements on realizable value basis, pursuant to management decision to discontinue the operations of the Company in view of reasons stated therein. Our opinion is not modified in respect of this matter.

Other Information

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

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

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

   We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

6. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances; Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other legal and regulatory requirements

11. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
12. As required by Section 143(3) of the Act, we report that:
    (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
    (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
    (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and Statement of Cash Flow 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 specified under Section 133 of the Act.
    (e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
    (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
    (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
        i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 13 to the financial statements;
        ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
        iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2021;
        iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2021
13. During the year ended March 31, 2021, the Company has not paid/provided any managerial remuneration under the provisions of Section 197 read with Schedule V to the Act. Accordingly, reporting under section 197(16) of the Act is not applicable to the Company.

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration Number: 304026E/E – 300009

Ketan Asher
Partner
Membership No: 113522
UDIN: 21113522AAAABB8707

Place: Mumbai
Date: June 3, 2021

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 12(f) of the Independent Auditor's Report of even date to the members of IDFC Trustee Company Limited on the financial statements for the year ended March 31, 2021

Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls with reference to financial statements of IDFC Trustee Company Limited ("the Company") as of March 31, 2021 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

2. 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 issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements 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") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. 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 with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

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

5. 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 with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

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

Inherent Limitations of Internal Financial Controls with reference to financial statements

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

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, 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 Price Waterhouse & Co Chartered Accountants LLP
Firm Registration Number: 304026E/E-300009

Ketan Asher
Partner
Membership Number: 113522
UDIN: 21113522AAAABB8707

Place: Mumbai
Date: June 3, 2021

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 11 of the Independent Auditor's Report of even date to the members of IDFC Trustee Company Limited on the financial statements as of and for the year ended March 31, 2021

i. The company does not own any fixed assets during the year ended March 31, 2021. Therefore, provisions of Clause 3(i) of the said order is not applicable to the Company.

ii. The Company does not have any operations during the year, and consequently, does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said Order are not applicable to the Company.

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 Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.

iv. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.

v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including income tax and other material statutory dues, as applicable, with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income tax as at March 31, 2021 which have not been deposited on account of a dispute, are as follows. :

NAME OF THE STATUTE	NATURE OF DUES	AMOUNT (RS.)	PERIOD TO WHICH THE AMOUNT RELATES	FORUM WHERE THE DISPUTE IS PENDING
Income Tax Act, 1961	Income Tax	19,567	FY 2006-07	Income Tax Officer

viii. As the Company does not have any loans or borrowings from any financial institution or bank or Government, nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(viii) of the Order are not applicable to the Company.

ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

xi. The company has not paid any managerial remuneration during the year. Accordingly, the provisions of clause 3(xi) of the order are not applicable to the Company. Also refer paragraph 13 of our main audit report.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Section 188 of the Act. The details of related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act. Further, the Company is not required to constitute an Audit Committee under Section 177 of the Act, and accordingly, to this extent, the provisions of Clause 3(xiii) of the Order are not applicable to the Company.

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

xv. The Company has not entered into any non cash transactions with its directors or persons connected with them. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration Number: 304026E/E-300009

Ketan Asher
Partner
Membership Number: 113522
UDIN: 21113522AAAABB8707

Place: Mumbai
Date: June 3, 2021

BALANCE SHEET

AS AT MARCH 31, 2021

(₹ in '000)

	Note	As at March 31, 2021	As at March 31, 2020
ASSETS			
Current assets			
Financial assets			
i. Cash and cash equivalents	2	5,558	4,710
Income tax assets (net)	3	7	1,075
Total Current Assets		5,565	5,785
Total Assets		5,565	5,785
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	4A	500	500
Other equity	4B	4,921	5,225
Total Equity		5,421	5,725
LIABILITIES			
Current liabilities			
Financial liabilities			
i. Trade payables			
- total outstanding dues of micro enterprises and small enterprises		-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises	5	69	54
Income tax liabilities (net)	6	57	1
Other current liabilities	7	18	5
Total Liabilities		144	60
Total Equity and Liabilities		5,565	5,785

The accompanying notes are integral part of these financial statements.

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

For Price Waterhouse & Co Chartered Accountants LLP
(Registration No: 304026E/E-300009)

Ketan Asher
Partner
Membership Number : 113522

Mumbai, June 3, 2021

For and on behalf of the Board of Directors of
IDFC Trustee Company Limited
CIN: U65990TN2002PLC132309

Mahendra N. Shah
Director
DIN: 00124629

Bipin Gemani
Director
DIN: 01731829

Mumbai, June 3, 2021

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2021

(₹ in '000)

	Note	Year ended March 31, 2021	Year ended March 31, 2020
INCOME			
Revenue from operations	8	-	2,000
Other income	9	224	2,487
Total income		224	4,487
EXPENSES			
Other expenses	10	484	524
Total expenses		484	524
Profit/(loss) before tax		(260)	3,963
Income tax expense:	11(a)		
- Current tax		57	1,000
- Deferred tax		-	(11)
- tax adjustment of earlier years		(13)	20
Total tax expense		44	1,009
Profit / (loss) for the year		(304)	2,954
Other comprehensive income / (loss) for the year		-	-
Total comprehensive income / (loss) for the year		(304)	2,954
Earnings / (loss) per equity share of ₹ 10 each			
- Basic (₹)	12	(6.08)	59.08
- Diluted (₹)	12	(6.08)	59.08

The accompanying notes are integral part of these financial statements.

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

For Price Waterhouse & Co Chartered Accountants LLP
(Registration No: 304026E/E-300009)

For and on behalf of the Board of Directors of
IDFC Trustee Company Limited
CIN: U65990TN2002PLC132309

Ketan Asher
Partner
Membership Number : 113522

Mahendra N. Shah
Director
DIN: 00124629

Bipin Gemani
Director
DIN: 01731829

Mumbai, June 3, 2021

Mumbai, June 3, 2021

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2021

A. Equity share capital

(₹ in '000)

	Note	Number	Amount
As at March 31, 2019	4A	50,000	500
Issued during the year		-	-
As at March 31, 2020	4A	50,000	500
Issued during the year	4A	-	-
As at March 31, 2021		50,000	500

B. Other equity

(₹ in '000)

	Note	Surplus in the statement of profit and loss	Total other equity
As at March 31, 2019	4B	74,604	74,604
Profit for the year		2,954	2,954
Dividend paid		(60,000)	(60,000)
Dividend Distribution Tax Paid		(12,333)	(12,333)
As at March 31, 2020	4B	5,225	5,225
Loss for the year		(304)	(304)
As at March 31, 2021	4B	4,921	4,921

The accompanying notes are integral part of these financial statements.

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

For Price Waterhouse & Co Chartered Accountants LLP
(Registration No: 304026E/E-300009)

Ketan Asher
Partner
Membership Number : 113522

Mumbai, June 3, 2021

For and on behalf of the Board of Directors of
IDFC Trustee Company Limited
CIN: U65990TN2002PLC132309

Mahendra N. Shah
Director
DIN: 00124629

Bipin Gemani
Director
DIN: 01731829

Mumbai, June 3, 2021

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED MARCH 31, 2021

(₹ in '000)

	Note	Year ended March 31, 2021	Year ended March 31, 2020
CASH FLOW FROM OPERATING ACTIVITIES :			
Profit / (loss) before tax		(260)	3,963
Adjustments :			
Net gain on sale of current investments measured at FVTPL	9	(169)	(763)
Interest income	9	(11)	(1,717)
Operating profit before working capital changes		(440)	1,483
Adjustments for increase/ (decrease) in operating liabilities:			
Trade payables	5	15	(42)
Other financial liabilities	7	13	(68)
Cash generated from / (used in) operations		(412)	1,373
Less : Income taxes paid (net of refunds)		1,080	(926)
Net cash inflow from operating activities		668	447
CASH FLOW FROM INVESTING ACTIVITIES :			
Term Deposits Placed		(4,500)	(2,24,000)
Term Deposits Matured		4,500	2,24,000
Interest received	9	11	1,717
Purchase of investment measured at FVTPL		(11,350)	(7,950)
Proceeds from sale of investments		11,519	82,651
Net cash inflow / (outflow) from investing activities		180	76,418
CASH FLOW FROM FINANCING ACTIVITIES :			
Dividend paid	4B	-	(60,000)
Dividend Distribution Tax Paid	4B	-	(12,333)
Net cash inflow / (outflow) from financing activities		-	(72,333)
NET INCREASE/(DECREASE) IN CASH AND BANK BALANCES		848	4,532
Add : Cash and cash equivalents at beginning of the year	2	4,710	178
Cash and cash equivalents at end of the year	2	5,558	4,710

* The statement of cash flow has been prepared using indirect method as permitted by Ind AS 7.

The accompanying notes are integral part of these financial statements.

This is the statement of cash flow referred to in our report of even date.

For Price Waterhouse & Co Chartered Accountants LLP
(Registration No: 304026E/E-300009)

Ketan Asher
Partner
Membership Number : 113522

Mumbai, June 3, 2021

For and on behalf of the Board of Directors of
IDFC Trustee Company Limited
CIN: U65990TN2002PLC132309

Mahendra N. Shah
Director
DIN: 00124629

Bipin Gemani
Director
DIN: 01731829

Mumbai, June 3, 2021

1A. BACKGROUND

IDFC Trustee Company Limited ("the Company") was a wholly owned subsidiary of IDFC Financial Holding Company Limited ("Ultimate Holding - IDFC Limited").This Company was formed for providing trusteeship services. During the previous year, the Board of Directors of the Company on November 8, 2019 approved the transfer of 50,000 equity shares of IDFC Trustee Company Limited to IDFC Limited , post which IDFC Trustee Company Limited is a wholly owned Subsidiary of IDFC Limited. The Trusteeship Rights for below funds were transferred to IDBI Trusteeship Service Limited effective from October 07, 2019.

Investcorp Private Equity Fund II (previously known as IDFC Private Equity Fund IV)

Investcorp Score Fund (previously known as IDFC Score Fund)

Investcorp Real Estate Yield Fund (previously known as IDFC Real Estate Yield Fund)

Investcorp Infrastructure Fund 1 (previously known as IDFC Infrastructure Fund 3)

1B. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

i) Compliance with Ind AS

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

ii) Going concern assumption

The Company has given up its trusteeship rights for all the funds served by it. Further, the Company does not have any defined plans for its future commercial operations. In the view of discontinuance plan for operations and the fact that there are no future plans for the company, the financial statements have been prepared under liquidation basis. Accordingly, the assets and liabilities have been stated at realisable value. In view of the aforesaid, the assets and liabilities are classified as "current".

iii) New and amended standards adopted by the Company

The Company has applied the following amendments to Ind AS for the first time for their annual reporting period commencing April 1, 2020:

- Definition of Material – amendments to Ind AS 1 and Ind AS 8
- Definition of a Business – amendments to Ind AS 103
- COVID-19 related concessions – amendments to Ind AS 116
- Interest Rate Benchmark Reform – amendments to Ind AS 109 and Ind AS 107

b) Revenue recognition

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

Trusteeship fees earned is recognised over the time as the counterparty simultaneously receive and consume the benefits, as per the agreement entered with the customer.

Other income

i) Interest income on financial assets at amortised cost is calculated using the effective interest method and is presented in the statement of profit and loss as part of other income.

ii) The realised gains / losses from financial instruments at FVTPL represents the difference between the carrying amount of a financial instrument at the beginning of the reporting period, or the transaction price if it was purchased in the current reporting period, and its settlement price.

c) Cash and cash equivalents

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

d) Financial assets

i) Classification

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

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

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

Debt instruments

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

Equity instruments

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

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

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

iv) Subsequent Measurement
Debt instruments

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

Measured at fair value through statement of profit and loss (FVTPL): A financial asset not classified as amortised cost, is classified as FVTPL. Such financial assets are measured at fair value with all changes in fair value, including interest and dividend income, recognised as in the statement of profit and loss.

Equity instruments

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

v) Impairment of financial assets
The Company is required to assess on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

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

e) Financial liabilities:

i) Initial recognition and measurement
Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at its fair value minus the transaction costs that are directly attributable to the issue of the financial liability.

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

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

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

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

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

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

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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

g) Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

h) Trade and other payables

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

i) Provisions

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

j) Contingencies

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

k) Earnings per share

i) Basic earnings per share is calculated by dividing:

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

ii) Diluted earnings per share:

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account.

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

l) Rounding of amounts

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

m) Use of estimates

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

2 CASH AND CASH EQUIVALENTS

(₹ in '000)

	As at March 31, 2021	As at March 31, 2020
Balances with banks:		
In current accounts	5,558	4,710
Total	5,558	4,710

3 INCOME TAX ASSETS (NET)

(₹ in '000)

	As at March 31, 2021	As at March 31, 2020
Current		
Advance tax, Tax deducted at source	7	1,075
[Net of provision for tax of ₹ 1,000 thousand (March 31, 2020: ₹ 4,200 thousand)]		
Total	7	1,075

4A. EQUITY SHARE CAPITAL

(₹ in '000)

	As at March 31, 2021		As at March 31, 2020	
	Number	₹	Number	₹
Authorised shares				
Equity shares of ₹ 10 each	1,00,000	1,000	1,00,000	1,000
Issued, subscribed & fully paid-up shares				
Equity shares of ₹ 10 each	50,000	500	50,000	500
Total	50,000	500	50,000	500

a) Movement in equity share capital

(₹ in '000)

	As at March 31, 2021		As at March 31, 2020	
	Number	₹	Number	₹
Outstanding at the beginning of the year	50,000	500	50,000	500
Shares issued during the year	-	-	-	-
Outstanding at the end of the year	50,000	500	50,000	500

b) Terms and rights attached to equity shares

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

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

During the previous year, the Company had paid an interim dividend of 12000% (₹ 1200) per share on 50,000 equity shares of the Company, aggregating to ₹ 60,000 thousand (Six crores only on September 18, 2019 to IDFC Financial Holding Company Limited). Dividend Distribution Tax on the same amounting ₹ 12,333 thousand have also been paid.

c) Details of shares held by holding company

Equity shareholders	As at March 31, 2021		As at March 31, 2020	
	Number	% holding	Number	% holding
IDFC Limited and its nominees	50,000	100%	50,000	100%

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

Equity shareholders	As at March 31, 2021		As at March 31, 2020	
	Number	% holding	Number	% holding
IDFC Limited and its nominees	50,000	100%	50,000	100%

During the year on November 8, 2019, the board of Directors of the Company approved the transfer of 50,000 equity shares of the Company from IDFC Financial Holding Company Limited (IDFC FHCL) to IDFC limited as the company ceased to be a trustee to all the funds and was no longer a regulated entity and only regulated entities can be held under IDFC FHCL as per February 2013 RBI Guidelines, post which IDFC Trustee Company Limited is a wholly owned Subsidiary of IDFC Limited.

4B. RESERVES AND SURPLUS (OTHER EQUITY)

(₹ in '000)

	As at March 31, 2021	As at March 31, 2020
Surplus in the statement of profit and loss	4,921	5,225
Total	4,921	5,225

a) Surplus in the statement of profit and loss

(₹ in '000)

	As at March 31, 2021	As at March 31, 2020
Opening balance	5,225	74,604
Net profit / (loss) for the year	(304)	2,954
Dividend paid	-	(60,000)
Dividend Distribution Tax Paid	-	(12,333)
Closing balance	4,921	5,225

5 TRADE PAYABLES

(₹ in '000)

	As at March 31, 2021	As at March 31, 2020
Trade payables:		
- Total outstanding dues of micro enterprises and small enterprises	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	69	54
Total	69	54

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

(₹ in '000)

	As at March 31, 2021	As at March 31, 2020
Outstanding principal amount and interest due to suppliers registered under MSMED Act and remaining unpaid at the year end:		
- Principal amount	-	-
- Interest due thereon	-	-
Interest paid other than under section 16 of MSMED Act, to suppliers registered under MSMED Act, beyond the appointed day during the period.	-	-
Interest paid under section 16 of MSMED Act, to suppliers registered under MSMED Act, beyond the appointed day during the period.	-	-
Amount of interest due and payable (where the principal has already been paid but interest has not been paid).	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
The amount of further interest remaining due and payable even in succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of MSMED Act.	-	-

6 INCOME TAX LIABILITIES (NET)

(₹ in '000)

	As at March 31, 2021	As at March 31, 2020
Provision for income tax [Net of advance tax of ₹ Nil (March 31, 2020: ₹ 999 thousand)]	57	1
Total	57	1

7 OTHER CURRENT LIABILITIES

(₹ in '000)

	As at March 31, 2021	As at March 31, 2020
Statutory dues payable	18	5
Total	18	5

8 REVENUE FROM OPERATIONS

(₹ in '000)

	Year ended March 31, 2021	Year ended March 31, 2020
Trusteeship fees	-	2,000
Total	-	2,000

9 OTHER INCOME

(₹ in '000)

	Year ended March 31, 2021	Year ended March 31, 2020
Net gain on sale of current investments measured at FVTPL	169	763
Interest income from financial assets measured at amortised cost	11	1,717
Interest on income tax refund	44	7
Total	224	2,487

10 OTHER EXPENSES

(₹ in '000)

	Year ended March 31, 2021	Year ended March 31, 2020
Rates and taxes	76	56
Professional fees	134	115
Auditors' remuneration [refer note (a) below]	129	206
Advertising	-	69
Shared Service cost	145	76
Miscellaneous expenses	β	2
Total	484	524

a) Breakup of Auditors' remuneration

(₹ in '000)

	Year ended March 31, 2021	Year ended March 31, 2020
Audit fees	50	50
Other services	75	145
Out-of-pocket expenses	4	11
Total	129	206

11 INCOME TAX

a) The components of income tax expense for the years ended March 31, 2021 and March 31, 2020 are:

(₹ in '000)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Current tax	57	1,000
Deferred tax	-	(11)
Tax adjustment of earlier years	(13)	20
Total	44	1,009

b) Reconciliation of the total tax charge

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at Company's corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by Company's domestic tax rate for the years ended March 31, 2021 and March 31, 2020 is, as follows:

(₹ in '000)

	Year ended March 31, 2021	Year ended March 31, 2020
Accounting profit before tax	(260)	3,963
Tax at India's statutory income tax rate of 25.17% (previous year 25.17%)	(65)	997
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
- Expenses disallowed on account of section 37 of the Income Tax Act, 1961	122	-
- Reduction in opening deferred tax asset due to reduction in tax rate	-	(11)
- Adjustment for current tax of prior periods	(13)	20
- others	-	3
Income tax expense	44	1,009

c) Change in tax rate

Taxation Laws (Amendment) Ordinance 2019, has inserted section 115BAA in the Income Tax Act, 1961, providing existing domestic companies with an option to pay tax at a concessional rate of 22% plus applicable surcharge and cess. Once exercised, such an option cannot be withdrawn for the same or subsequent AYs.

These financial results are prepared on the basis that the Company had availed the option to pay income tax at the lower rate. Consequently, the Company has recognized Provision for Income Tax for the year ended March 31, 2020 and re-measured its Deferred tax assets / liability as at March 31, 2020 basis the revised rate of 25.17%.

12 EARNINGS PER SHARE (EPS)

	Year ended March 31, 2021	Year ended March 31, 2020
Total basic earnings per share attributable to the equity holders of the Company (In ₹)		
(a) Basic and diluted earnings / (loss) per share		
Profit / (loss) attributable to the equity holders of the Company (in thousands)	(304)	2,954
(b) Weighted average number of shares used as the denominator		
Weighted average number of equity shares used as the denominator in calculating basic and diluted earnings / (loss) per share (in numbers)	50,000	50,000
(c) Basic and diluted Earnings / (loss) Per Share (in ₹)	(6.08)	59.08
(d) Nominal Value Per Share	10	10

13 CONTINGENT LIABILITIES

(₹ in '000)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Claims not acknowledged as debts in respect of:		
Income-tax demands disputed by the Company (net of amounts provided)*	20	20
Total	20	20

* The matters in dispute are under appeal. The demands have been partly paid / adjusted and will be received as refund if the matters are decided in favour of the Company.

14 FAIR VALUE HIERARCHY

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

The hierarchies used are as follows:

Level 1: Hierarchy includes financial instruments measured using quoted price. The fair value of financial instruments that are traded in an active market is determined using closing Net Asset Value (NAV), which represents the repurchase price at which the issuer will redeem the units from investors.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

As at March 31, 2021 and March 31, 2020 there are no fair valued financial assets or liabilities, hence no fair value disclosures are made.

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

For financial assets and financial liabilities that are measured at amortised cost, the carrying amounts are a reasonable approximation of their fair value.

15 FINANCIAL RISK MANAGEMENT

The Company is exposed primarily to liquidity risks which may adversely impact the fair value of its financial instruments.

a) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due.

i) Maturities of Financial Liabilities

The following table shows the maturity analysis of financial liabilities of the Company based on contractually agreed undiscounted cash flows as at the balance sheet date:

(₹ in '000)

As at March 31, 2021	Note No.	Less than 12 months	More than 12 months	Total
Trade payables	5	69	-	69
Total		69	-	69

As at March 31, 2020	Note No.	Less than 12 months	More than 12 months	Total
Trade payables	5	54	-	54
Total		54	-	54

b) Credit risk

The company has no significant concentration of credit risk. Credit risk is the risk of suffering financial loss, should any of the counterparties fail to fulfil their contractual obligations to the Company. Cash and cash equivalents and bank deposits are held with only high rated banks/financial institutions only, therefore credit risk is perceived to be low.

c) Market Risk

i) Fair Value Interest Rate Risk

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

The Company does not have any variable rate based financial assets or financial liabilities.

The Company is exposed to interest rate risk from investments held in debt oriented mutual fund units. These funds invests in debt securities. Sensitivity analysis for exposure to interest rate risk in case of units backed by debt securities is not disclosed as there are no investments outstanding as on March 31, 2021 and March 31, 2020.

16 SEGMENT INFORMATION

The Company is domiciled in India. The Company was engaged in the business of providing trusteeship services, which was considered to be the only reportable segment (in accordance with Ind AS 108).All other activities revolve around the main business. The Company does not have any geographical segment.

a) Segment revenue

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

(₹ in '000)

	Year ended March 31, 2021	Year ended March 31, 2020
Segment revenue		
- India	-	2,000
- Outside India	-	-
Total	-	2,000

* In previous year there were four parties who individually contributed more than 10% of total operating revenue of the Company amounting to ₹ 2,000 thousand.

b) Segment assets and segment liabilities (₹ in '000)

	As at March 31, 2021	As at March 31, 2020
Segment assets - India	5,565	5,785
Segment liabilities - India	144	60

17 RELATED PARTY TRANSACTIONS

a) **Ultimate Holding Company**

IDFC Limited (upto November 13, 2019)

b) **Holding Company**

IDFC Limited (w.e.f November 14, 2019)

IDFC Financial Holding Company Limited (upto November 13, 2019)

c) **Subsidiaries of Holding Company**

IDFC Asset Management Company Limited

IDFC Financial Holding Company Limited (w.e.f November 14, 2019)

d) **Associate of the Holding Company**

IDFC FIRST Bank Limited

Nature of Transactions during the year:

(₹ in '000)

	Description	April 1, 2020 to March 31, 2021	April 1, 2019 to March 31, 2020
IDFC Limited	Shared service cost paid	145	-
IDFC Financial Holding Company Limited	Dividend paid	-	6,000
IDFC FIRST Bank Limited	Interest income on deposits	11	1,717
IDFC FIRST Bank Limited	FD Placed	4,500	2,24,000
IDFC FIRST Bank Limited	FD Matured	4,500	2,24,000
IDFC Asset Management Company Limited	Shared service cost paid	-	76

e) **Outstanding balances**

(₹ in '000)

	Description	As at March 31, 2021	As at March 31, 2020
IDFC FIRST Bank Limited	Balance in Current Account	5,558	4,703

18 Covid-19 impact

COVID-19 outbreak was declared a global pandemic by the World Health Organization. Management has made an assessment of the ongoing situation on its liquidity position, carrying value of its assets as at March 31, 2021 and believes that it has taken into account all the possible impact of known events arising from COVID-19 pandemic in the preparation of the financial statements as at March 31, 2021. However, with the current "second wave" that has significantly increased the number of cases in India and given the dynamic and evolving nature of COVID-19, the Company will continue to monitor any material changes to future economic conditions.

19 Amount less than ₹ 500 have been denoted by ß.

For Price Waterhouse & Co Chartered Accountants LLP
(Registration No: 304026E/E-300009)

Ketan Asher
Partner
Membership Number : 113522

Mumbai, June 3, 2021

For and on behalf of the Board of Directors of
IDFC Trustee Company Limited
CIN: U65990TN2002PLC132309

Mahendra N. Shah
Director
DIN: 00124629

Bipin Gemani
Director
DIN: 01731829

Mumbai, June 3, 2021

IDFC ASSET MANAGEMENT COMPANY LIMITED

CIN U65993MH1999PLC123191

DIRECTORS Mr. Vinod Rai (Chairman)
Ms. Veena Mankar
(w.e.f. June 10, 2021)
Ms. Anita Belani
Ms. Ritu Anand
(w.e.f. June 10, 2021)
Ms. Anita Ramachandran
(up to June 3, 2021)
Mr. Sunil Kakar
(up to June 10, 2021)

AUDITORS Price Waterhouse & Co. LLP
Chartered Accountants

PRINCIPAL BANKER IDFC FIRST Bank Limited

REGISTERED OFFICE One World Center,
6th Floor, Jupiter Mills
Compound,
841, Senapati Bapat Marg,
Elphinstone Road (West)
Mumbai 400 013
Tel: +91 22 6628 9999
Fax: + 91 22 2421 5052
Website: www.idfcamc.com

BOARD'S REPORT

TO THE MEMBERS

Your Directors have pleasure in presenting the Twentieth Annual Report of IDFC Asset Management Company Limited ("the Company" or "IDFC AMC") together with the audited financial statements for the financial year ended March 31, 2021.

FINANCIAL HIGHLIGHTS

AMT IN CR.

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2021	FOR THE YEAR ENDED MARCH 31, 2020
Total Income	371.09	309.54
less: Total expenses	180.10	201.25
Profit Before Tax	190.99	108.29
less: Provision for Tax	47.96	28.24
Profit After Tax	**143.03**	**80.05**
other Comprehensive Income (net of tax)	0.99	(0.65)
Total Comprehensive income for the year	**144.02**	**79.40**

COMPANY'S AFFAIRS

The Company is an Investment Manager of IDFC Mutual Fund

MUTUAL FUND PERFORMANCE

Fiscal Year 20-21 was an unprecedented year in many respects. It started with high economic uncertainty and significant turmoil in financial markets as the pandemic took hold, and the country came to a halt due to a mandated lockdown. After the initial fear and uncertainty, a series of measures providing fiscal and monetary stimulus along with a reduction in the number of active infections and news of effective vaccines helped stabilize markets and led to a smart recovery in equity markets. However, the resurgence of the virus in Q4 has drastically muddled the outlook once again.

Despite the economic and health uncertainty through the year, IDFC AMC continued to deliver on its strategy and operating plan. It shaped up to be another year of steady growth for the AMC, with FY21 average AUM growing 19.3% YoY as against the Mutual Funds Industry growing 8.6% during the year. With this, the AMC's FY21 average market share moved up to 4.0% from 3.7% in FY20.

During the year, the AMC successfully contended with several disruptions and challenges. Its business continuity plans were tested and activated early, with employees moving to a work-from-home format to remain safe while supporting customer and business needs. The AMC's Information Technology and Security infrastructure were strengthened further to protect systems from potential malware or cyber threats. Critical functions worked smoothly to serve clients without significant disruptions, while continuing to comply with regulatory requirements. The AMC also expanded its product range by successfully launching the IDFC Floating Rate Fund as well as India's first Gilt Index funds, the IDFC Gilt 2027 Index Fund and IDFC Gilt 2028 Index Fund. Enhancing its franchise and services, the AMC launched a new website for non-mutual fund clients, enhanced existing digital interfaces and partner development tools and launched innovative investor awareness programs.

The Company is registered as a Portfolio Manager with the Securities and Exchange Board of India ("SEBI") to carry out Portfolio Management Services pursuant to SEBI (Portfolio Managers) Regulations, 2020. The Company is currently offering IDFC NEO Equity Portfolio, a PMS portfolio that incorporates Artificial Intelligence and Machine Learning, with an objective to outperform the BSE 200 Index.

The Company also acts as an Investment Manager to IDFC India Equity Hedge Fund, a Category III Alternative Investment Fund. The company is currently offering IDFC IEH Conservative Fund, which seeks to generate absolute and uncorrelated returns from Indian equity markets while maintaining volatility lower than Indian equity market volatility.

As a responsible corporate citizen, the AMC continued to fulfill its commitments towards promoting education for the girl child and weaker sections of our society in partnership with leading NGOs, and contributed to the resources raised by the Government in the fight against Covid-19.

AMOUNT TO BE CARRIED FORWARD TO RESERVES

The details of amount transferred to reserves are given in note no. 18B of the Notes forming part of the financial statements.

DIVIDEND

On June 6, 2020, the Board of Directors of the Company had declared an interim dividend of 2300% (Rs. 23) per share on 2,679,045 equity shares of the Company, aggregating to Rs. 616,180,350 (Sixty One Crore Sixty One Lacs Eighty Thousand Three Hundred and Fifty Rupees only) from the profits of the Company.

The Board of Directors do not recommend any final dividend for FY21.

SUBSIDIARY COMPANIES / ASSOCIATES / JOINT VENTURES

As on March 31, 2021, the Company had one subsidiary, namely IDFC Investment Managers (Mauritius) Limited ("IMML"). The Board of Directors of the Company reviews the affairs of its subsidiary companies regularly. Further, a statement containing the salient features of the financial statement and details of performance and financial positions of IMML in the format AOC-I is appended as Annexure I.

PARTICULARS OF EMPLOYEES

The Company had 314 employees as on March 31, 2021.

BOARD'S REPORT

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

SHAREHOLDERS INFORMATION

During the year, the Company granted 19,000 options under ESOS 2020 scheme. 998,540 options were outstanding as on March 31, 2021.

During FY21, an employee of the Company exercised 10,070 options granted under Employee Stock Option Scheme 2017 ("ESOS 2017"). The Allotment and Share Transfer committee of the Company has allotted 10,070 equity shares of Rs. 1 each to such employee. These shares shall rank pari passu with the existing equity shares of the Company. Details required under Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014 (Rules) forms integral part of this Annual Report. The Annual Report excluding the aforesaid information is being sent to the Shareholders of the Company and is available for inspection of the Shareholders of the Company at its Registered Office.

PUBLIC DEPOSITS

The Company has neither invited nor accepted any Public Deposits.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

There were no loans or guarantee or investments of the Company under the provisions of Section 186 of the Companies Act, 2013.

FOREIGN EXCHANGE EXPENDITURE AND EARNING

There were no foreign exchange earnings or expenditures during FY21.

PARTICULARS REGARDING CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

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

DIRECTORS

Ms. Anita Ramachandran (DIN: 00118188) completed her 2 terms as an Independent Director and had retired from the Board of the Company w.e.f. June 3, 2021. Further, Mr. Sunil Kakar (DIN: 03055561) also stepped down from the Board of the Company w.e.f. June 10, 2021.

The Board puts on record its sincere appreciation for the contribution and commitment of Ms. Anita Ramachandran and Mr. Sunil Kakar during their respective tenure on the Board of the Company.

On June 10, 2021 the Board of Directors of the Company appointed Mr. Veena Mankar (DIN: 00004168) as an Additional Director in the category of Independent Director with immediate effect for a consecutive period of 3(three) years. The Board also appointed Ms. Ritu Anand (DIN : 05154174) as an Additional Director in the category of Non-executive Director of the Company with immediate effect. Both the above appointments are subject to approval of Members at the ensuing Annual General Meeting.

The Members are requested to approve the appointments of Mr. Vinod Rai, Ms. Veena Mankar and Ms. Ritu Anand at the ensuing AGM.

INDEPENDENT DIRECTORS

Pursuant to notification G.S.R. 804(E) dated October 22, 2019 issued by the Ministry of Corporate Affairs regarding introduction of the Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2019, all Independent Directors of the Company have registered with the Indian Institute of Corporate Affairs at Manesar to include their name in the data bank of independent directors. The Independent Directors of the Company are in process of completing / applying for exemption for, as the case may be, online proficiency self-assessment test.

The Board places on record its sincere appreciation with regards to integrity, expertise, experience and proficiency of all Independent Directors. Their contribution have immensely helped the Company to grow.

DECLARATION OF INDEPENDENCE

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

MEETINGS OF THE BOARD

During the year, Six Board meetings were held on April 30, 2020; June 10, 2020; July 31, 2020; October 30, 2020; December 11, 2020 and February 02, 2021. The gap between two consecutive meetings was within the limit of the period prescribed under the Companies Act, 2013. Your Company has complied with the provisions of Secretarial Standard 1 on Meetings of Board of Directors issued by the Institute of Company Secretaries of India.

Attendance details of Board of Directors for the Board Meetings held during FY21 are given below.

NAME OF THE DIRECTOR	DIN	POSITION	NO. OF MEETINGS HELD	NO. OF MEETINGS ATTENDED
Mr. Vinod Rai	00041867	Non- Executive Chairman	6	6
Ms. Anita Ramachandran	00118188	Independent Director	6	6
Ms. Anita Belani	01532511	Independent Director	6	6
Mr. Sunil Kakar	03055561	Nominee Director	6	5

AUDIT AND RISK MANAGEMENT COMMITTEE

During the year, Four Audit and Risk Management Committee meetings were held on June 10, 2020; July 31, 2020; October 30, 2020 and February 02, 2021. The gap between two consecutive meetings was within the limit of the period prescribed under the Companies Act, 2013.

Attendance details of Directors for the Audit and Risk Management Committee Meetings held during FY21 are given below.

NAME OF THE MEMBER	POSITION	STATUS	NO. OF MEETINGS HELD	NO. OF MEETINGS ATTENDED
Mr. Vinod Rai	Non- Executive Director	Chairman	4	4
Ms. Anita Ramachandran	Independent Director	Member	4	4
Ms. Anita Belani	Independent Director	Member	4	4

NOMINATION AND REMUNERATION COMMITTEE

During the year, 3 (three) meetings of NRC was held on June 10, 2020; October 30, 2020 and February 02, 2021.

Attendance details of Directors for the NRC Meetings held during FY21 are given below.

NAME OF THE DIRECTOR	DIN	POSITION	NO. OF MEETINGS HELD	NO. OF MEETINGS ATTENDED
Ms. Anita Ramachandran	00118188	Chairperson	3	3
Mr. Vinod Rai	00041867	Member	3	3
Ms. Anita Belani	01532511	Member	3	3
Mr. Sunil Kakar	03055561	Member	3	2

SEPARATE MEETING OF INDEPENDENT DIRECTORS

During the year, a separate meeting of Independent Directors was held on February 02, 2021. All Independent Directors attended the said meeting.

ALLOTMENT AND SHARE TRANSFER COMMITTEE

The Allotment and Share Transfer Committee Comprises of Mr. Vinod Rai as Chairman, Mr. Sunil Kakar and Mr. Vishal Kapoor as Members of the Committee.

During the year, the Committee met once on March 04, 2021 to allot shares to an employees under ESOS 2020.

BOARD EVALUATION

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

REMUNERATION POLICY

The Company has in place a Remuneration Policy for the Directors, Key Managerial Personnel, Senior Management and Other Employees which is line with the Section 178 of Companies Act, 2013 and Rules made thereunder.

SECRETARIAL AUDIT

Pursuant to Section 204 of the Companies Act, 2013 and the Rules made thereunder, the Company appointed M/s Kaushik Jhaveri & Co., Practicing Company Secretary, as Secretarial Auditors to undertake the Secretarial Audit of the Company for FY21.

There are no qualifications or observations or other remarks made by the Secretarial Auditors in their report.

The Secretarial Audit Report forms part of this Board's Report as Annexure II.

STATUTORY AUDITORS

At the AGM held on July 25, 2017, the Members of the Company appointed Price Waterhouse & Co Chartered Accountants LLP (FRN 304026E/E300009) ("PWC") as the Statutory Auditors of the Company for a period of Five years from the 17th AGM of the Company till the conclusion of the 22nd AGM of the Company to be held for FY22. In accordance with the Companies Amendment Act, 2017, enforced on May 7, 2018, by the Ministry of Corporate Affairs, the appointment of the Statutory Auditors is not required to be ratified at every Annual General Meeting.

COST AUDIT

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

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES UNDER SECTION 188 OF THE COMPANIES ACT, 2013

In all related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. IDFC Group has always been committed to good corporate governance practices, including matters relating to Related Party Transactions. The Company has in place a Policy on Related Party Transactions and the same is uploaded on the website of the Company.

The Audit and Risk Management Committee reviews the details of related party transactions entered into by the Company on quarterly basis.

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

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 and Risk Management Committee of the Board. The Internal Auditors verified the key Internal Financial Control by reviewing key controls impacting financial reporting and Enterprise risk management procedures of the Company and found the same satisfactory. It was placed before the Audit and Risk Management Committee of the Company.

RISK MANAGEMENT

The Audit and Risk Management Committee of the Company reviewed the risk at every meeting held during the year. The Members of the Audit and Risk Management Committee ensure the measurement and control of risk factors and advice on the same to the Management of the Company.

MATERIAL CHANGES / COMMITMENTS

As per Section 134(3)(l) of Companies Act, 2013, there have been no reportable changes and commitments, affecting the financial position of the Company that has occurred during the period from March 31, 2021 till the date of this report.

INSTANCES OF FRAUD, IF ANY REPORTED BY THE AUDITORS

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

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

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

INFORMATION REQUIRED UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013

The Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. There was no instance of Sexual Harassment reported during FY21 under the Prevention of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

ANNUAL RETURN

The Annual Return of the Company has been hosted at www.idfcamc.com.

CORPORATE SOCIAL RESPONSIBILITY

During the year, one meeting of CSR Committee was held on June 10, 2020 where all members were present. The composition of CSR Committee is in compliance with the Companies Act, 2013. The disclosure of contents of CSR Policy as prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014 are annexed as Annexure III.

Pursuant to email received from MCA on March 31, 2020, the Company made contribution of Rs. 1 Cr. to PM CARES FUND during FY20 in addition to the minimum prescribed requirement, which was offset against the CSR obligation arose in FY21.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that:

a) in the preparation of the annual financial statements for the year ended March 31, 2021, the applicable accounting standards had been followed along with proper explanation relating to material departures;

b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2021 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.

ACKNOWLEDGMENTS

The Board places on record its gratitude to SEBI, Association of Mutual Funds of India, Ministry of Corporate Affairs, other regulatory authorities and institutions and Investors of the Mutual Fund schemes for their continued guidance and support and expresses its sincere appreciation to all the employees for their commendable teamwork and enthusiastic contribution during the year.

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

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Vinod Rai
Chairman

New Delhi, May 03, 2021

ANNEXURE I

FORM AOC-I

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

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

PART "A": SUBSIDIARIES

(Information in respect of each subsidiary to be presented with amounts in Rs.)

1.	CIN	-
2.	Name of the subsidiary	IDFC Investment Managers (Mauritius) Limited
3.	Date since when subsidiary was acquired	September 13, 2010
4.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	April 1, 2020 to March 31, 2021
5.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	INR*
6.	Share capital (as on March 31, 2021)	43,061,474
7.	Reserves & surplus (as on March 31, 2021)	(34,795,650)
8.	Total assets (as on March 31, 2021)	**8,723,023**
9.	Total Liabilities (as on March 31, 2021)	457,199
10.	Investments	0
11.	Turnover	0
12.	Profit/(Loss) before taxation	**(4,575,353)**
13.	Provision for taxation	0
14.	Profit/(Loss) after taxation	**(4,575,353)**
15.	Proposed Dividend	0
16.	% of shareholding	100

*Exchange Rate:

Closing Rate: 1 USD = 73.5047

Average Rate: 1 USD = 74.0900

Note: There are no subsidiaries which are yet to commence operations.

No subsidiaries have been liquidated or sold during the year.

PART "B": ASSOCIATES AND JOINT VENTURES

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures:

NOT APPLICABLE

For and on behalf of the Board of Directors of
IDFC Asset Management Company Limited
CIN No.U65993MH1999PLC123191

Sunil Kakar
Director
DIN: 03055561
Mumbai, May 3, 2021

Vinod Rai
Director
DIN: 00041867
New Delhi, May 3, 2021

Nirav Shah
Company Secretary
Mumbai, May 3, 2021

Piyush Anchliya
Chief Financial Officer
Mumbai, May 3, 2021

Vishal Kapoor
Chief Executive Officer
Mumbai, May 3, 2021

ANNEXURE II

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021

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

To,

The Members,
IDFC Asset Management Company Limited,
6th floor, Tower 1C, 841,
One World Center Jupiter Mill,
Senapati Bapat Marg, Mumbai - 400013

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **IDFC ASSET MANAGEMENT COMPANY LIMITED** having **CIN: U65993MH1999PLC123191** (hereinafter called **"the Company"**). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my 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, I hereby report that in my opinion, the Company has during the audit period covering the financial year ended on 31st March, 2021, 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:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by **IDFC ASSET MANAGEMENT COMPANY LIMITED** for the financial year ended on 31st March, 2021 according to the provisions of:

(i) The Companies Act,2013('the Act') and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956('SCRA') and the rules made thereunder;

(iii) The Depositories Act,1996 and the Regulations and Bye-Laws framed thereunder;

(iv) Foreign Exchange Management Act,1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment. The Company does not have any External Commercial Borrowings for the financial year.

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act,1992 ('SEBI Act'):-

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations,2011;(Not applicable to the company during the audit period)
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations,1992 and 2015;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;(Not applicable to the company during the audit period)
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the company during the audit period)
- (f) The Securities and Exchange Board of India (Registrars to an issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;(Not applicable to the Company during the audit period)
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations,1998; (Not Applicable to the Company during audit period).

I have relied on the report of Internal Auditors placed at the Board Meeting and on the representations made by the Company, its officers for systems and mechanisms developed by the Company in order to ensure compliances under the other applicable Acts, Laws and Regulations to the Company. The list of Acts, Other Laws and Regulations specifically applicable to the Company are given below:

(i) The Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 as amended;

(ii) The Prevention of Money Laundering Act, 2002

ANNEXURE II

FORM NO. MR-3

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India;

(ii) The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;(Not Applicable to the Company during audit period).

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

I further report that:
The Company has adequate composition of Board of Directors as per SEBI (Mutual Funds) Regulations, 1996 and the Companies Act, 2013.

Adequate notice is given to all directors to schedule the Board Meetings, 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.

During the period under review, the decisions were carried unanimously and no dissenting views were observed, while reviewing the minutes.

I 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.

I further report that, during the period under review, there are no other specific events/actions in pursuance of the above referred laws, rules, regulations, guidelines, etc. having a major bearing on the Company's affairs, except events as follows:-

1. The Company had allotted 10,070 (Ten Thousand Seventy) Equity Shares of Rs. 1 each on 04th March, 2021 in accordance with Employee Stock Option Scheme. Subsequently, issued and paid up capital of company increased to 2,68,00,520 Equity Share of face value Rs.1/- Amounting to Rs.2,68,00,520/-

During the period under review I could not physically visit the premises of the Company due to lockdown situation in the Mumbai City, State of Maharashtra imposed by the BMC, State Government and Government of India in view of the global pandemic of COVID-19.

For Kaushik M. Jhaveri& Co.,

Kaushik M. Jhaveri
Practising Company Secretary
FCS No.: 4254 | CP No.: 2592
UDIN:

Date: May 03, 2021
Place: Mumbai

This Report is to be read with my letter of even date which is annexed as "**Annexure A**" and forms an integral part of this report.

ANNEXURE-A

To,

The Members,
IDFC Asset Management Company Limited,
6th floor, Tower 1C, 841,
One World Center Jupiter Mill,
Senapati Bapat Marg, Mumbai – 400013.

The report of even date is to be read along with this letter.

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

For Kaushik M. Jhaveri& Co.,

Kaushik M. Jhaveri
Practising Company Secretary
FCS No.: 4254 | CP No.: 2592
UDIN:

Date: May 03, 2021
Place: Mumbai

ANNEXURE III

CORPORATE SOCIAL RESPONSIBILITY (CSR)

1. Brief outline on CSR Policy of the Company.

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 AMC believes that profitability must be complemented with a sense of responsibility towards all stakeholders and enriching the lives of the community at large. Through its CSR initiatives, the Company will strive for material, visible and lasting impact on disadvantaged sections of the society, preferably in locations where the Company operates.

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

During the year, IDFC AMC carried out CSR activities through various NGOs, Trusts and Societies as prescribed in the Act.

The object of the CSR activities sought to –

(a) Promote education, special education and vocational skills

(b) Support Relief Work

(c) Contribute to Prime Minister's relief fund and other such state and central schemes

2. Composition of CSR Committee:

SL. NO.	NAME OF DIRECTOR	DESIGNATION / NATURE OF DIRECTORSHIP	NUMBER OF MEETINGS OF CSR COMMITTEE HELD DURING THE YEAR	NUMBER OF MEETINGS OF CSR COMMITTEE ATTENDED DURING THE YEAR
1.	Vinod Rai	Chairman	1	1
2.	Sunil Kakar	Director	1	1
3.	Anita Ramachandran	Independent Director	1	1

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company. - https://www.idfcamc.com/csr/

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report).

   Not applicable as the Company's average CSR obligation has not more than 10 Cr. in the three immediately preceding financial year as per Section 135 (5) of the Act.

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

SL. NO.	FINANCIAL YEAR	AMOUNT AVAILABLE FOR SET-OFF FROM PRECEDING FINANCIAL YEARS (IN ₹ CR.)	AMOUNT REQUIRED TO BE SETOFF FOR THE FINANCIAL YEAR, IF ANY (IN ₹ CR.)
1	NA	NA	NA
TOTAL			

6. Average net profit of the company as per section 135(5): - ₹ 115.27 crore

7. (a) Two percent of average net profit of the company as per section 135(5): - ₹ 2.30 crore

   a) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: - Nil

   b) Amount required to be set off for the financial year, if any: ₹ 1.00 crore*

   c) Total CSR obligation for the financial year (7a+7b-7c). ₹ 1.30 crore**

   * The Company had additionally contributed ₹ 1.00 crore towards Prime Minister's CARES fund in the previous year which the Company desires to offset against the CSR obligation arising in the current year.

   ** Amount spent towards CSR related activities during the year.

8. (a) CSR amount spent or unspent for the financial year:

TOTAL AMOUNT SPENT FOR THE FINANCIAL YEAR. (IN ₹ CR.)	AMOUNT UNSPENT (IN ₹)				
	TOTAL AMOUNT TRANSFERRED TO UNSPENT CSR ACCOUNT AS PER SECTION 135(6).		AMOUNT TRANSFERRED TO ANY FUND SPECIFIED UNDER SCHEDULE VII AS PER SECOND PROVISO TO SECTION 135(5).		
	AMOUNT	DATE OF TRANSFER	NAME OF THE FUND	AMOUNT.	DATE OF TRANSFER
2.30	Nil	Nil	Nil	Nil	Nil

ANNEXURE III

CORPORATE SOCIAL RESPONSIBILITY (CSR)

(b) Details of CSR amount spent against **ongoing projects** for the financial year:

(1) SL. NO.	(2) NAME OF THE PROJECT	(3) ITEM FROM THE LIST OF ACTIVITIES IN SCHEDULE VII TO THE ACT.	(4) LOCAL AREA (YES/ NO).	(5) LOCATION OF THE PROJECT.		(6) PROJECT DURATION	(7) AMOUNT ALLOCATED FOR THE PROJECT (IN ₹ CR.)	(8) AMOUNT SPENT IN THE CURRENT FINANCIAL YEAR (IN ₹ CR)	(9) AMOUNT TRANSFERRED TO UNSPENT CSR ACCOUNT FOR THE PROJECT AS PER SECTION 135(6) (IN ₹ CR).	(10) MODE OF IMPLEMENTATION - DIRECT (YES/NO).	(11) MODE OF IMPLEMENTATION - THROUGH IMPLEMENTING AGENCY	
				STATE.	DISTRICT.						NAME	CSR REGISTRATION NUMBER
						N.A.						

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1) SL. NO.	(2) NAME OF THE PROJECT	(3) ITEM FROM THE LIST OF ACTIVITIES IN SCHEDULE VII TO THE ACT.	(4) LOCAL AREA (YES/ NO).	(5) LOCATION OF THE PROJECT.		(6) AMOUNT SPENT FOR THE PROJECT (IN ₹ CR.)	(7) MODE OF IMPLEMENTATION - DIRECT (YES/NO).	(8) MODE OF IMPLEMENTATION - THROUGH IMPLEMENTING AGENCY	
				STATE.	DISTRICT.			NAME	CSR REGISTRATION NUMBER
1	Schools and Teachers Innovating for Results (STiR) Education	Education	No	Tamil Nadu & Karnataka	13 Districts in Tamil Nadu: Ariyalur, Dharmapuri, Kallakurichi, Krishnagiri, Nagapatinam, Perambalur, Ranipet, Salem, Thirupathur, Thiruvarur, Thiruvana Malai, Vellore, Villupuram 7 Districts in Karnataka: Chamarajanagara, Chikkaballapura, Chitradurga, Hassan, Kolar, Mandya, Mysuru	0.39	No	Not Applicable	Not Applicable
2	Nanhi Kali	Education	No	Maharashtra	Palghar	0.36	No	Not Applicable	Not Applicable
3	Saajha	Education	No	Delhi	New Delhi	0.22	No	Not Applicable	Not Applicable
4	Govandi Education Society	Education	Yes	Maharashtra	Mumbai	0.17	Yes	Not Applicable	Not Applicable
5	Techno Serve	Education	Yes	Maharashtra	Mumbai	0.16	No	Not Applicable	Not Applicable
6	PM Care Fund		Yes	Maharashtra	Mumbai	1.0	Yes	Not Applicable	Not Applicable

(a) Amount spent in Administrative Overheads: - Nil

(b) Amount spent on Impact Assessment, if applicable: Nil

(c) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹ 2.30 crore*

(d) Excess amount for set off, if any: Nil

SL. NO.	PARTICULAR	AMOUNT (IN ₹ CR)
(i)	Two percent of average net profit of the company as per section 135(5)	2.30
(ii)	Total amount spent for the Financial Year	2.30*
(iii)	Excess amount spent for the financial year [(ii)-(i)]	Nil
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	Nil

* Including ₹ 1.00 crore towards Prime Minister's CARES fund the Company had additionally contributed in the previous year.

ANNEXURE III

CORPORATE SOCIAL RESPONSIBILITY (CSR)

9. (a) Details of Unspent CSR amount for the preceding the financial years:

SL. NO.	PRECEDING FINANCIAL YEAR	AMOUNT TRANSFERRED TO UNSPENT CSR ACCOUNT UNDER SECTION 135 (6) (IN ₹ CR.)	AMOUNT SPENT IN THE REPORTING FINANCIAL YEAR (IN ₹ CR.)	AMOUNT TRANSFERRED TO ANY FUND SPECIFIED UNDER SCHEDULE VII AS PER SECTION 135(6), IF ANY.			AMOUNT REMAINING TO BE SPENT IN SUCCEEDING FINANCIAL YEARS. (IN ₹ CR.)
				NAME OF THE FUND	AMOUNT (IN ₹ CR.)	DATE OF TRANSFER	
1.	NA	NA	NA	NA	NA	NA	NA
	TOTAL				**0.0**		**0.0**

(b) Details of CSR amount spent in the financial year for **ongoing projects** of the preceding financial year(s):

(1) SL. NO.	(2) PROJECT ID.	(3) NAME OF THE PROJECT.	(4) FINANCIAL YEAR IN WHICH THE PROJECT WAS COMMENCED	(5) PROJECT DURATION.	(6) TOTAL AMOUNT ALLOCATED FOR THE PROJECT (IN ₹ CR.).	(7) AMOUNT SPENT ON THE PROJECT IN THE REPORTING FINANCIAL YEAR (IN ₹ CR.).	(8) CUMULATIVE AMOUNT SPENT AT THE END OF REPORTING FINANCIAL YEAR. (IN ₹ CR.)	(9) STATUS OF THE PROJECT - COMPLETED / ONGOING
1.	NA	NA	NA	NA	NA	NA	NA	NA
	TOTAL				**0.0**	**0.0**	**0.0**	

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (**asset-wise details**).

(a) Date of creation or acquisition of the capital asset(s): NA

(b) Amount of CSR spent for creation or acquisition of capital asset.: NA

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.: NA

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).: NA

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5).

Sd/-
Mr. Vinod Rai
Director
New Delhi

Sd/-
Sunil Kakar
(Chairman of CSR Committee)
Mumbai

May 3, 2021

ANNEXURE III

ANNEXURE A

-1	-2	-3	-4	-5		-6	-7	-8	-9	-10	-11		-12
SL. NO.	NAME OF THE PROJECT	ITEM FROM THE LIST OF ACTIVITIES IN SCHEDULE VII TO THE ACT.	LOCAL AREA (YES/ NO).	LOCATION OF THE PROJECT.		PROJECT DURATION	AMOUNT ALLOCATED FOR THE PROJECT (IN RS. CR.)	AMOUNT SPENT IN THE CURRENT FINANCIAL YEAR (IN RS. CR)	AMOUNT TRANSFERRED TO UNSPENT CSR ACCOUNT FOR THE PROJECT AS PER SECTION 135(6) (IN RS. CR).	MODE OF IMPLEMENTATION - DIRECT (YES/NO).	MODE OF IMPLEMENTATION - THROUGH IMPLEMENTING AGENCY		WHETHER PROJECT IS ONGOING (YES/NO)
				STATE.	DISTRICT.						NAME	CSR REGISTRATION NUMBER	
1	Schools and Teachers Innovating for Results (STiR) Education	Education	No	Tamil Nadu & Karnataka	13 Districts in Tamil Nadu: Ariyalur, Dharmapuri, Kallakurichi, Krishnagiri, Nagapatinam, Perambalur, Ranipet, Salem, Thirupathur, Thiruvarur, Thiruvana Malai, Vellore, Villupuram 7 Districts in Karnataka: Chamarajanagara, Chikkaballapura, Chitradurga, Hassan, Kolar, Mandya, Mysuru	1 year	0.39	0.39	Nil	No	Not Applicable		Yes
2	Nanhi Kali	Education	No	Maharashtra	Palghar	1 year	0.36	0.36	Nil	No	Not Applicable		Yes
3	Saajha	Education	No	Delhi	New Delhi	1 year	0.22	0.22	Nil	No	Not Applicable		Yes
4	Govandi Education Society	Education	Yes	Maharashtra	Mumbai	1 year	0.17	0.17	Nil	Yes	Not Applicable		Yes
5	Techno Serve	Education	Yes	Maharashtra	Mumbai	1 year	0.16	0.16	Nil	No	Not Applicable		Yes
6	PM Cares	Schedule VII	N.A.	N.A.	N.A.	N.A.	1.00*	1.00	Nil	Yes	Not Applicable		No
	TOTAL						**2.30**	**2.30**					

* The Company had additionally contributed Rs. 1.00 crore towards Prime Minister's CARES fund in the previous year which the Company desires to offset against the CSR obligation arising in the current year.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF IDFC ASSET MANAGEMENT COMPANY LIMITED

Report on the audit of the financial statements

Opinion

1. We have audited the accompanying financial statements of IDFC Asset Management Company Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and total comprehensive income (comprising of profit and other comprehensive income), changes in equity and its cash flows for the year then ended.

Basis for opinion

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

Emphasis of matter

4. We draw your attention to Note 39 to the financial statements, which describes the management's assessment of the impact of the outbreak of Coronavirus (COVID-19) on the business operations of the Company. In view of the uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve. Our opinion is not modified in respect of this matter.

Other Information

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

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

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

   We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

6. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial positon, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

10. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
11. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on other legal and regulatory requirements

12. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
13. As required by Section 143(3) of the Act, we report that:
    (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
    (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
    (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and 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 specified under Section 133 of the Act.
    (e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
    (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
    (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
        i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 29 to the financial statements.
        ii. The Company has long-term contracts as at March 31, 2021 for which there were no material foreseeable losses. The Company did not have any derivative contracts as at March 31, 2021.
        iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2021.
        iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2021.
14. The provisions of Section 197 read with Schedule V of the Act are applicable to the Company, however the Company has neither paid remuneration to any managerial personnel nor is contractually required to make any provision in this regard.

For **Price Waterhouse & Co Chartered Accountants LLP**
Firm Registration Number: 304026E/E-300009

Sharad Vasant
Partner
Membership Number: 101119
UDIN: 21101119AAAAES3210

Mumbai
May 03, 2021

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 13(f) of the Independent Auditors' Report of even date to the members of IDFC Asset Management Company Limited on the financial statements for the year ended March 31, 2021

Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls with reference to financial statements of IDFC Asset Management Company Limited ("the Company") as of March 31, 2021 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

2. 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 issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements 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") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. 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 with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

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

5. 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 with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

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

Inherent Limitations of Internal Financial Controls with reference to financial statements

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

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, 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. (Also refer paragraph 4 of the main audit report)

For **Price Waterhouse & Co Chartered Accountants LLP**
Firm Registration Number: 304026E/E-300009

Sharad Vasant
Partner
Membership Number: 101119
UDIN: 21101119AAAAES3210

Mumbai
May 03, 2021

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 12 of the Independent Auditors' Report of even date to the members of IDFC Asset Management Company Limited on the financial statements as of and for the year ended March 31, 2021

i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.

(b) The fixed assets are physically verified by the Management according to a programme designed to cover all the items once in a period of two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, the fixed assets were physically verified by the Management in the previous year and no material discrepancies had been noticed on such verification. Considering the same, no fixed assets were physically verified in the current year.

(c) The Company does not own any immovable properties as disclosed in Note 9A on fixed assets to the financial statements. Therefore, the provisions of Clause 3(i)(c) of the said Order are not applicable to the Company.

ii. The Company is in the business of rendering services, and consequently, does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said Order are not applicable to the Company.

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 Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.

iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of 186 of the Companies Act, 2013 in respect of the loans and investments made, and guarantees and security provided by it. The Company has not granted any loans or provided any guarantees or security to the parties covered under Section 185 of the Act and accordingly, the provisions of Clause 3(iv) of the said Order, to this extent, are not applicable to the Company.

v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of profession tax, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including provident fund, income tax, goods and service tax, cess and other material statutory dues, as applicable, with the appropriate authorities. Also refer note 29 (ii) to the financial statements regarding management's assessment on certain matters relating to provident fund.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of profession tax, provident fund, goods and service tax which have not been deposited on account of any dispute. The particulars of dues of service tax and income tax as at March 31, 2021 which have not been deposited on account of a dispute, are as follows:

NAME OF THE STATUTE	NATURE OF DUES	AMOUNT (RS.)	PERIOD TO WHICH THE AMOUNT RELATES	FORUM WHERE THE DISPUTE IS PENDING
The FinanceAct, 1994	Service Tax	14,987,548	April 2009 to June 2017	The Commissioner (Service Tax)
The FinanceAct, 1994	Service Tax	157,659,742*	April 2009 to March 2015	Customs, Excise and Service Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	76,774,311	Assessment Year 2018-19	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	719,860	Assessment Year 2013-14	Response to the letter filed by the Company is awaited from Assistant Commissioner of Income Tax

* Out of the above Rs. 2,660,712 has been paid under protest.

viii. As the Company does not have any loans or borrowings from any financial institution or bank or Government, nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(viii) of the Order are not applicable to the Company.

ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

xi. The Company has neither paid remuneration to any managerial personnel nor is contractually required to make provision in this regard during the year ended March 31, 2021. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable to the Company. Also refer paragraph 14 of our main audit report.

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

xv. The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For **Price Waterhouse & Co Chartered Accountants LLP**
Firm Registration Number: 304026E/E-300009

Sharad Vasant
Partner
Membership Number: 101119
UDIN: 21101119AAAAES3210

Mumbai
May 03, 2021

BALANCE SHEET

AS AT MARCH 31, 2021

(Rs. in crore)

	Note	As at March 31, 2021	As at March 31, 2020
ASSETS			
Financial assets			
Cash and cash equivalents	3	3.16	4.43
Bank balances other than cash and cash equivalents above	4	2.55	0.32
Receivables			
(I) Trade receivables	5	12.67	17.95
Investments	6	379.83	263.09
Other financial assets	7	9.03	10.14
Non-financial assets			
Income tax assets (net)	8	15.85	17.10
Property, plant and equipment	9A	12.40	11.61
Intangible assets	10	4.56	7.50
Right-of-use assets	9B	28.04	36.40
Deferred tax assets (net)	16	-	0.66
Other non-financial assets	11	20.87	32.06
Total assets		488.96	401.26
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Payables			
(I) Trade payables	12A		
(i) total outstanding dues of micro enterprises and small enterprises		0.04	0.25
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		10.11	10.63
(II) Other payables	12B		
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		3.03	0.03
Lease liabilities	9B	31.27	38.55
Other financial liabilities	13	32.27	32.27
Non-financial liabilities			
Income tax liabilities (net)	14	14.00	9.52
Provisions	15	1.50	3.12
Deferred tax liabilities (net)	16	1.43	-
Other non-financial liabilities	17	15.82	14.27
EQUITY			
Equity share capital	18A	2.68	2.68
Other equity	18B	376.81	289.94
Total liabilities and equity		488.96	401.26

See accompanying notes to the financial statements.

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

For Price Waterhouse & Co Chartered Accountant LLP
Firm Registration No. 304026E/E-300009

Sharad Vasant
Partner
Membership Number : 101119

Mumbai, May 3, 2021

For and on behalf of the Board of Directors of
IDFC Asset Management Company Limited
CIN No.U65993MH1999PLC123191

Sunil Kakar
Director
DIN: 03055561
Mumbai, May 3, 2021

Vinod Rai
Director
DIN: 00041867
New Delhi, May 3, 2021

Nirav Shah
Company Secretary
Mumbai, May 3, 2021

Piyush Anchliya
Chief Financial Officer
Mumbai, May 3, 2021

Vishal Kapoor
Chief Executive Officer
Mumbai, May 3, 2021

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2021

(Rs. in crore)

	Note	Year ended March 31, 2021	Year ended March 31, 2020
REVENUE FROM OPERATIONS			
Management fees		345.35	302.03
Portfolio management fees		2.49	2.72
Performance Fees (Carried interest)		-	1.04
Total revenue from operations		347.84	305.79
Other income	19	23.25	3.75
Total income		371.09	309.54
EXPENSES			
Employee benefit expense	20	92.66	95.98
Impairment on financial instruments	21	0.25	0.93
Depreciation and amortisation expense	22	16.82	12.17
Other expenses	23	67.77	90.11
Finance cost	24	2.60	2.06
Total expenses		180.10	201.25
Profit before tax		190.99	108.29
INCOME TAX EXPENSE:	25		
- Current tax		45.87	32.62
- Deferred tax		2.09	(4.38)
Total tax expense		47.96	28.24
Profit for the year		143.03	80.05
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss			
- Remeasurements of post-employment benefit obligations	26	1.32	(0.87)
- Income tax relating to the above		(0.33)	0.22
Other comprehensive income for the year, net of tax		0.99	(0.65)
Total comprehensive income for the year		144.02	79.40
Earnings per equity share (face value of Rs.1 each):	28		
- Basic and Diluted (Rs.)		53.39	29.88

See accompanying notes to the financial statements.

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

For Price Waterhouse & Co Chartered Accountant LLP
Firm Registration No. 304026E/E-300009

Sharad Vasant
Partner
Membership Number : 101119

Mumbai, May 3, 2021

For and on behalf of the Board of Directors of
IDFC Asset Management Company Limited
CIN No.U65993MH1999PLC123191

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Director
DIN: 03055561
Mumbai, May 3, 2021

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New Delhi, May 3, 2021

Nirav Shah
Company Secretary
Mumbai, May 3, 2021

Piyush Anchliya
Chief Financial Officer
Mumbai, May 3, 2021

Vishal Kapoor
Chief Executive Officer
Mumbai, May 3, 2021

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2021

A. EQUITY SHARE CAPITAL

(Rs. in crore)

	Note	Number	Amount
As at April 01, 2019	18A	26,79,045	2.68
Issued during the year		-	-
Subdivision of shares		2,41,11,405	-
As at March 31, 2020	18A	2,67,90,450	2.68
Issued during the year		10,070	- #
Subdivision of shares	18A	-	-
As at March 31, 2021	18A	2,68,00,520	2.68

Below Rs. 0.01 crore.

B. OTHER EQUITY

(Rs. in crore)

	Note	Reserves and surplus						Total other equity
		Securities Premium	Capital redemption reserve	General reserve	Surplus in the statement of profit and loss	Share options outstanding account	ESOP contribution from parent	
As at April 01, 2019	18B	22.19	19.79	44.29	196.80	4.56	2.92	290.55
Change in accounting policy	38	-	-	-	(2.21)	-	-	(2.21)
Restated balance at April 1, 2019		22.19	19.79	44.29	194.59	4.56	2.92	288.34
Profit for the year		-	-	-	80.05	-	-	80.05
Other comprehensive income		-	-	-	(0.65)	-	-	(0.65)
Total comprehensive income for the year		22.19	19.79	44.29	273.99	4.56	2.92	367.74
Transactions with owners in their capacity as owners:								
- Share based payments:								
Employee stock option expense for the year	36	-	-	-	-	2.92	0.02	2.94
- Dividends paid	32	-	-	-	(66.98)	-	-	(66.98)
- Dividend distribution tax	32	-	-	-	(13.76)	-	-	(13.76)
As at March 31, 2020	18B	22.19	19.79	44.29	193.25	7.48	2.94	289.94
Profit for the year		-	-	-	143.03	-	-	143.03
Other comprehensive income		-	-	-	0.99	-	-	0.99
Total comprehensive income for the year		22.19	19.79	44.29	337.27	7.48	2.94	433.96
Transactions with owners in their capacity as owners:								
- Share based payments:								
i) Employee stock option expense for the year	36	-	-	-	-	3.50	-	3.50
ii) Vested options cancelled during the year		-	-	-	-	-	-	-
iii) Options exercised during the year		0.97	-	-	-	-	-	0.97
iv) Options lapsed during the year								
- Transfer from Share option outstanding account to Securities Premium (towards option exercised)		0.21				(0.21)		
- Dividends paid	32	-	-	-	(61.62)	-	-	(61.62)
- Dividend distribution tax	32	-	-	-	-	-	-	-
As at March 31, 2021	18B	23.37	19.79	44.29	275.65	10.77	2.94	376.81

See accompanying notes to the financial statements.

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

For Price Waterhouse & Co Chartered Accountant LLP
Firm Registration No. 304026E/E-300009

Sharad Vasant
Partner
Membership Number : 101119

Mumbai, May 3, 2021

For and on behalf of the Board of Directors of
IDFC Asset Management Company Limited
CIN No.U65993MH1999PLC123191

Sunil Kakar
Director
DIN: 03055561
Mumbai, May 3, 2021

Vinod Rai
Director
DIN: 00041867
New Delhi, May 3, 2021

Nirav Shah
Company Secretary
Mumbai, May 3, 2021

Piyush Anchliya
Chief Financial Officer
Mumbai, May 3, 2021

Vishal Kapoor
Chief Executive Officer
Mumbai, May 3, 2021

CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2021

(Rs. in crore)

	Note	Year ended March 31, 2021	Year ended March 31, 2020
CASH FLOW FROM OPERATING ACTIVITIES :			
Profit before tax :		190.99	108.29
Adjustments :			
Depreciation and amortisation	22	16.82	12.17
Net (gain) / loss on sale of property, plant and equipment	19 & 23	0.21	(0.02)
Impairment on financial instruments	21	0.25	0.93
Employee share based payment expense	36c)	3.50	2.94
Change in fair value of financials assets at FVTPL	19	(22.07)	3.79
Net (gain) / loss on sale of investments	19	(0.28)	(3.11)
Interest income on financial assets measured at amortised cost	19	(0.36)	(0.75)
Interest income received	19	(0.19)	-
Dividend income received	19	(0.02)	(0.23)
Finance cost	24	2.60	2.06
Operating profit before working capital changes		191.45	126.07
Adjustments for (increase)/ decrease in operating assets :			
Bank balances other than cash and cash equivalents	4	(2.23)	3.29
Trade receivables	5	5.28	(6.68)
Other financial assets	7	1.57	3.96
Other non-financial assets	11	11.19	29.59
Contract assets		-	59.28
Adjustments for increase/ (decrease) in operating liabilities :			
Trade payables	12A	(0.73)	(5.91)
Other payables	12B	3.00	(1.10)
Lease payment	9B	(10.07)	(6.39)
Other financial liabilities	13	-	6.68
Provisions	15	(0.30)	(2.13)
Other non-financial liabilities	17	1.55	0.99
Cash generated from operations		200.71	207.65
Less : Income taxes paid (net of refunds)		(40.47)	(35.97)
Net cash inflow / (outflow) from operating activities	A	160.24	171.68
CASH FLOW FROM INVESTING ACTIVITIES :			
Purchase of property, plant and equipment	9A	(5.33)	(7.31)
Proceeds from disposal of property, plant and equipments		0.02	0.04
Purchase of intangible assets	10	(0.90)	(7.10)
Purchase of investment measured at FVTPL		(421.76)	(446.01)
Proceeds from sale of investments		328.01	372.42
Investments in bank fixed deposit		-	-
Maturity of bank fixed deposit		-	0.06
Investments in Subsidiary		(1.11)	(0.69)
Interest received		0.19	-
Dividend received	19	0.02	0.03
Net cash inflow / (outflow) from investing activities	B	(100.86)	(88.56)
CASH FLOW FROM FINANCING ACTIVITIES :			
Proceeds from issuance of share capital		0.97	-
Dividend paid (including dividend distribution tax)	32	(61.62)	(80.74)
Net cash inflow / (outflow) from financing activities	C	(60.65)	(80.74)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	A+B+C	(1.27)	2.38
Add : Cash and cash equivalents at beginning of the year		4.43	2.05
Cash and cash equivalents at end of the year		3.16	4.43
Non-Cash financing and investing activities			
Acquisition of right-of-use asset		0.30	25.73

The above cash flow statement has been prepared under the indirect method as set out in Ind AS 7 Statement of Cash Flows.
See accompanying notes to the financial statements.

This is the statement of cash flows referred to in our report of even date.

For Price Waterhouse & Co Chartered Accountant LLP
Firm Registration No. 304026E/E-300009

Sharad Vasant
Partner
Membership Number : 101119

Mumbai, May 3, 2021

For and on behalf of the Board of Directors of
IDFC Asset Management Company Limited
CIN No.U65993MH1999PLC123191

Sunil Kakar
Director
DIN: 03055561
Mumbai, May 3, 2021

Vinod Rai
Director
DIN: 00041867
New Delhi, May 3, 2021

Nirav Shah
Company Secretary
Mumbai, May 3, 2021

Piyush Anchliya
Chief Financial Officer
Mumbai, May 3, 2021

Vishal Kapoor
Chief Executive Officer
Mumbai, May 3, 2021

1A. BACKGROUND

IDFC Asset Management Company Limited ('the Company') is a public limited company, incorporated in India and regulated by The Securities Exchange Board of India ("SEBI"). The registered office of the Company is at One World Centre, 6th Floor, Jupiter Mills Compound, 841, Senapati Bapat Marg, Elphinstone Road (West), Mumbai 400013.

The Company provides asset management services, portfolio management and investment advisory services. The Company is registered under SEBI (Portfolio Managers) Regulations, 1993 for providing portfolio management services. The Company is also providing investment management services Alternative Investment Funds launched under SEBI (Alternative Investment Funds) Regulations, 2012.

These financial statements are authorised for issue by the Board of Directors on May 3, 2021.

1B. SIGNIFICANT ACCOUNTING POLICIES

1) Basis of preparation

i) Compliance with Ind AS

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

ii) Historical cost convention

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

- Certain financial assets - measured at fair value;
- Defined benefit plans assets– measured at fair value; and
- Share-based payments - measured at fair value.

iii) New and amended standards adopted

There are no new standards and amendments applicable to the Company for the annual reporting period commencing on April 1, 2020.

iv) Order of Liquidity

The Company is covered in the definition of Non-Banking Financial Company as defined in Companies (Indian Accounting Standards) (Amendment) Rules, 2016. Pursuant to Division III of Schedule III to the Companies Act, 2013, the Company presents its balance sheet in the order of liquidity. Since the Company does not supply goods or services within a clearly identifiable operating cycle, therefore such presentation is considered to be more relevant. A maturity analysis of recovery or settlement of assets and liabilities within 12 months after the reporting date and more than 12 months after the reporting date is presented in note 33.

v) Consolidation

The following set of financial statements represents the standalone financial statements of the Company. The exemption under para 4 (a) (iv) of Ind AS 110 has been applied and consolidated financial statements have not been prepared. The Company is included in the consolidated financial statements of IDFC Limited (ultimate holding company) for the year ended March 31, 2021.

2) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM's function is to allocate the resources of the Company and assess the performance of the operating segments of the Company. The Chief Executive Officer is identified as the CODM. The board of directors of the Company assesses the financial performance and position of the Company and makes strategic decisions. Refer note 27 for segment information presented.

3) Foreign currency translation

i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is the Company's functional and presentation currency.

ii) Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency at the spot rate of ex-change ruling at the date of the transaction.

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

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

4) Investment in subsidiaries

The Company has invested in certain financial instruments that qualify the definition of equity from the subsidiary's perspective. Such financial instruments are carried at cost, less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries, the difference between net disposal proceeds and the carrying amounts are recognised in the statement of profit and loss.

5) Financial instruments

Initial recognition and measurement

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

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

Financial assets

i) Classification and subsequent measurement

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

- Fair value through statement of profit and loss (FVTPL);
- Fair value through other comprehensive income (FVOCI); and
- Amortised cost.

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

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective such as mutual fund units, alternate investment funds, etc.

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

- the Company's business model for managing the asset (Business model assessment); and
- the cash flow characteristics of the asset (Solely Payment of Principal and Interest ("SPPI" assessment).

Business model assessment

The business model reflects how the Company manages the assets in order to generate cash flows. The business model determines whether the Company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable or when performance of portfolio of financial assets managed is evaluated on a fair value basis, then the financial assets are classified as part of 'other' business model and measured at FVTPL.

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

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

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

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments cash flows represent solely payments of principal and interest (the 'SPPI test').

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

Amortised cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost is recognised in profit and loss when the asset is derecognised or impaired.

Fair value through other comprehensive income:
Debt instruments that meet the following conditions are subsequently measured at FVOCI:

- the asset is held within a business model whose objective is achieved both, by collecting contractual cash flows and selling financial assets;
- the contractual terms of the instrument give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding; and
- that are not designated at fair value

Movement in carrying amount is taken through other comprehensive income, except for recognition of impairment gains or losses, interest revenues and foreign exchange gains and losses on the instrument's amortised cost that are recognised in statement of profit and loss.

Fair value through profit/loss:
Assets that do not meet the criteria for amortised cost or FVOCI, are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented in the statement of profit and loss within 'net gain/(loss) on fair value changes' in the period in which it arises. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method. Company's investment in mutual fund units, alternate investment fund and equity instruments are classified as financial assets measured at FVTPL.

Equity Instruments

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

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

ii) Impairment

The Company assesses, on a forward-looking basis the expected credit losses ('ECL') associated with its financial instruments measured at amortised cost with the exposure arising from security deposit. The Company recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

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

Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in note 35.2.

iii) Income recognition

Interest income

The Company calculates interest income by applying the effective interest rate (EIR) to the gross carrying amount of financial assets other than credit-impaired assets.

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

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

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

Dividend income

Dividend income is recognised in the Statement of Profit and Loss when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably. This is generally when the shareholders approve the dividend.

iv) De-recognition of financial assets

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

- the Company transfers substantially all the risks and rewards of ownership; or
- the Company neither transfers nor retains substantially all the risks and rewards of ownership and the Company has not retained control.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the Statement of Profit and Loss on disposal of that financial asset.

Financial liabilities

i) Classification as debt or equity

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

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instruments issued by the Company are recognised at the proceeds received. Incremental costs directly attributable to the issue of new shares or financial instruments classified as equity are deducted, net of tax, from the proceeds.

ii) Classification and subsequent measurement

Financial liabilities (including borrowings and debt securities) are subsequently measured at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the gross carrying amount of a financial liability. The calculation includes transaction costs, premiums or discounts and fees and points paid that are integral to the effective interest rate, such as origination fees.

iii) De-recognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. A substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of profit and loss. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration.

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

6) Offsetting financial instruments

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

7) Revenue recognition

Revenue is measured at fair value of the consideration received or receivable. Ind AS 115, Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. A new five-step process must be applied before revenue can be recognised:

- Identification of contract(s) with customers;
- Identification of the separate performance obligations in the contract;
- Determination of transaction price;

- Allocation of transaction price to separate performance obligations; and
- Recognition of revenue when (or as) each performance obligation is satisfied.

i) Management fees

Management fees from mutual funds and alternative investment funds are recognised on an accrual basis in accordance with terms of investment management agreement entered into by the Company with IDFC AMC Trustee Company Limited and provisions of The Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, SEBI (Alternative Investment Funds) Regulation, 2012 and amendments thereto. Revenue from management fees is recognised as and when services are performed over time as the customer simultaneously receives and consumes the benefits provided by the Company.

ii) Portfolio Management fees

Portfolio management fees are recognised on an accrual basis in accordance with the respective terms of contract with counter parties. Revenue from portfolio management fees is recognised as and when services are performed over time as the customer simultaneously receives and consumes the benefits provided by the Company."

iii) Advisory fees

Advisory fees are recognised as and when services are performed over time as the customer simultaneously receives and consumes the benefits provided by the Company."

iv) Performance Fees

The Company receives performance fees or incentive allocations from certain actively managed alternative investment funds and certain separately managed accounts. The Company is entitled to receive performance-based incentive fees when the return on assets under management exceeds certain benchmark returns or other performance targets.

The Company records performance-based incentive fee when the contractual terms of the asset management fee arrangement have been satisfied such that the performance fee is no longer subject to significant reversal or contingency.

8) Income tax

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

i) Current tax

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

ii) Deferred tax

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

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

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

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

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

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

Current tax and deferred tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

9) Leases

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

Company as a lessee

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

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

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

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

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

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

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

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

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

10) Cash and cash equivalents

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

11) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

12) Property, plant and equipment

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

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

i) Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives prescribed. The estimated useful lives for the different type of assets held by the Company are as follows:

a) Computers 3 years

b) Servers and Network 6 years

c) Furniture 10 years

d) Office equipment 5 years

e) Vehicles 4 years

f) Mobile phones 2 years

g) Leasehold Improvements Extended lease terms or 5 years which ever is earlier

Depreciation on additions during the year is provided on a pro-rata basis.

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

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

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised in the Statement of Profit and Loss.

13) Intangible Assets

Intangible assets are recognised where it is probable that the future economic benefit attributable to the assets will flow to the Company and its cost can be reliably measured. Intangible assets are stated at cost of acquisition less accumulated amortisation and impairment, if any.

Intangible assets are amortised on a straight line basis over their estimated useful lives.

The estimated useful life of the intangible assets is as follow:

Computer Software 3 years

The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly.

14) Impairment of non-financial assets (including carrying value of equity investments in subsidiaries)

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

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

15) Employee benefits

i) Short term obligation

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after reporting period end in which the employee render the related services are recognised in respect of employee's services up to the end of the reporting period and are measured at the amount expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligation in the balance sheet.

ii) Defined contribution plans

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

iii) Defined benefit plan

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

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

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

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the Statement of Changes in Equity and in the Balance Sheet.

iv) Compensated absences

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

v) Share-based payments

The Company has constituted an Employee Stock Option Plan. The plan provides for grant of options to employees of the Company in a specific category to acquire equity shares of the Company that vest in a graded manner on meeting specified conditions and that are to be exercised within a specified period. The employees of the Company are also eligible for IDFC Limited (Ultimate Holding Company) and IDFC First Bank share awards.

The above share awards are treated as an equity settled share based payment transaction. The fair value of options granted under the scheme is recognized as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined with reference to the fair value of the options granted excluding the impact of any service conditions.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on service conditions. It recognises the impact of revision to original estimates, if any, in the Statement of Profit and Loss, with a corresponding adjustment to equity.

16) Trade and other payables

These amounts represent liabilities for services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

17) Provisions

Provisions are recognised when the Company has a present (legal or constructive) obligation because of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and such amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at best estimate of the future expenditure required to settle the present obligation at the balance sheet date. When the effect of the time value of money is material, the Company determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

18) Contingencies

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

19) Earnings per share

i) Basic earnings per share :

Basic earnings per share is calculated by dividing:

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

ii) Diluted earnings per share

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

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

20) Brokerage Expenses

Distribution cost in form the of brokerage paid to third parties are recognised over the duration of the scheme or clawback period in case of portfolio management services.

21) Fund expenses

Expenses incurred on behalf of IDFC Mutual Fund (the Schemes) upto October 21, 2018 are charged to the statement of profit and loss unless considered recoverable in accordance with the provisions of SEBI Regulations.

22) Rounding off

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

23) Dividends

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

24) Use of judgments, estimates and assumptions

The preparation of financial statements requires the use of accounting estimates that, by definition, will seldom equal the actual results. Management also needs to exercise judgment in applying the Company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgments is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

- Estimation of current tax expense and payable
- Estimation of defined benefit obligation
- Estimation for fair value of financial instruments

Estimates and judgments are evaluated continually. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

3 CASH AND CASH EQUIVALENTS

(Rs. in crore)

	As at March 31, 2021	As at March 31, 2020
Cheques on hand	-	-
Balances with banks:		
In current accounts	3.16	4.43
Total	3.16	4.43

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

4 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(Rs. in crore)

	As at March 31, 2021	As at March 31, 2020
Balances with banks:		
In earmarked accounts		
- Investor Education Awareness on behalf of IDFC Mutual Fund	2.50	0.22
- Other bank balances	0.05	0.10
In deposit accounts	-	-
Total	2.55	0.32

5 TRADE RECEIVABLES

(Rs. in crore)

	As at March 31, 2021	As at March 31, 2020
Receivables considered good - secured	-	-
Receivables considered good - unsecured	12.67	17.95
Receivables which have significant increase in credit risk	-	-
Receivables - credit impaired	-	-
(Less): Impairment loss allowance	-	-
Total	12.67	17.95

6 INVESTMENTS

(Rs. in crore)

	At fair value through Other Comprehensive Income	At fair value through Profit and loss	Others*	Total
As at March 31, 2021				
Mutual fund units	-	339.68	-	339.68
Alternate investment funds units	-	29.28	-	29.28
Equity instruments	0.05	10.00	-	10.05
Subsidiaries	-	-	4.31	4.31
Total (A) - Gross	0.05	378.96	4.31	383.32
(Less): Impairment loss allowance	-	-	(3.49)	(3.49)
Total (A) - Net	0.05	378.96	0.82	379.83
Investments outside India	-	-	4.31	4.31
Investments in India	0.05	378.96	-	379.01
Total (B) - Gross	0.05	378.96	4.31	383.32
(Less): Impairment loss allowance	-	-	(3.49)	(3.49)
Total (B) - Net	0.05	378.96	0.82	379.83

Investments (Rs. in crore)

	At fair value through Other Comprehensive Income	At fair value through Profit and loss	Others*	Total
As at March 31, 2020				
Mutual fund units	-	204.96	-	204.96
Alternate investment funds units	-	46.55	-	46.55
Equity instruments	0.05	11.36	-	11.41
Subsidiaries	-	-	3.20	3.20
Total (A) - Gross	0.05	262.87	3.20	266.12
(Less): Impairment loss allowance	-	-	(3.03)	(3.03)
Total (A) - Net	0.05	262.87	0.17	263.09
Investments outside India	-	-	3.20	3.20
Investments in India	0.05	262.87	-	262.92
Total (B) - Gross	0.05	262.87	3.20	266.12
(Less): Impairment loss allowance	-	-	(3.03)	(3.03)
Total (B) - Net	0.05	262.87	0.17	263.09

* Investment in subsidiaries measured at cost as per Ind AS 27 are classified as Others.

IDFC Investment Managers (Mauritius) Limited is a wholly owned subsidiary of the Company. The subsidiary's networth has eroded significantly due to accumulated losses. Consequently, the Company has incrementally written down the value of investment by Rs. 0.46 crore during the year ended March 31, 2021 (previous year Rs. 1.09 crore) after considering its recoverable amount (value in use) as Rs. 0.82 crore (previous year Rs. 0.17 crore) against its carrying value of Rs. 4.31 crore as at March 31, 2021 (previous year Rs. 3.20 crore).

More information regarding the valuation methodologies are disclosed in note 34.

7 OTHER FINANCIAL ASSETS

(Rs. in crore)

	As at March 31, 2021	As at March 31, 2020
Other receivables	0.45	0.04
Intercompany receivable	-	0.19
Accrued income	-	0.20
Other deposit	0.32	-
Security deposit	9.88	11.54
(Less): Impairment loss allowance	(1.62)	(1.83)
Total	9.03	10.14

8 INCOME TAX ASSETS (NET)

(Rs. in crore)

	As at March 31, 2021	As at March 31, 2020
Fringe benefit tax	0.01	0.01
(net of provision for tax as of 2021: Rs. 1.31 crore; 2020: Rs. 1.31 cores)		
Advance tax	15.84	17.09
(net of provision for tax as of 2021: of Rs. 144.89 crore; 2020: Rs. 173.79 crore)		
Total	15.85	17.10

9A PROPERTY, PLANT AND EQUIPMENT

(Rs. in crore)

	Leasehold improvements	Furniture and fixtures	Vehicles	Office Equipments	Computers	Total
Year ended March 31, 2020						
Gross carrying amount						
Opening gross carrying amount as at April 1, 2019	3.02	1.04	1.45	2.26	6.66	14.43
Additions	1.35	0.11	0.81	0.48	4.56	7.31
Disposals and transfers	-	-	(0.14)	(0.02)	(0.14)	(0.30)
Closing gross carrying amount	4.37	1.15	2.12	2.72	11.08	21.44
Accumulated depreciation						
Opening accumulated depreciation	0.97	0.44	0.90	1.01	2.54	5.86
Adjustment for change in accounting policy (refer note 38)	0.27	-	-	-	-	0.27
Depreciation charge during the year	1.01	0.18	0.41	0.49	1.89	3.98
Disposals and transfers	-	-	(0.14)	(0.02)	(0.12)	(0.28)
Closing accumulated depreciation	2.25	0.62	1.17	1.48	4.31	9.83
Net carrying amount as at March 31, 2020	2.12	0.53	0.95	1.24	6.77	11.61
Year ended March 31, 2021						
Gross carrying amount						
Opening gross carrying amount as at April 1, 2020	4.37	1.15	2.12	2.72	11.08	21.44
Additions	1.86	0.19	0.57	0.46	2.25	5.33
Disposals and transfers	-	-	(0.03)	(0.01)	-	(0.04)
Closing gross carrying amount	6.23	1.34	2.66	3.17	13.33	26.73
Accumulated depreciation						
Opening accumulated depreciation	2.25	0.62	1.17	1.48	4.31	9.83
Depreciation charge during the year	1.04	0.11	0.46	0.49	2.44	4.54
Disposals and transfers	-	-	(0.03)	(0.01)	-	(0.04)
Closing accumulated depreciation	3.29	0.73	1.60	1.96	6.75	14.33
Net carrying amount as at March 31, 2021	2.94	0.61	1.06	1.21	6.58	12.40

i) Contractual obligations

Refer to note 30 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

9B LEASES

The Company leases various offices. Rental contracts are typically made for fixed periods of 11 months to 9 years, but may have extension options as described in (ii) below.

(i) Amount recognised in balance sheet

The balance sheet shows the following amounts relating to leases: (Rs. in crore)

	As at March 31, 2021	As at March 31, 2020
Right-of-use assets		
Buildings	28.04	36.40
Total	28.04	36.40

(Rs. in crore)

	As at March 31, 2021	As at March 31, 2020
Lease Liabilities		
Current	8.14	7.83
Non-current	23.13	30.72
Total	31.27	38.55

*For adjustments recognised on adoption of Ind AS 116 on April 1, 2019, please refer note 38.

Addition to the right-of-use assets during the current financial year is Rs. 0.30 crore (previous year Rs. 25.73 crore).

(ii) Amount recognised in the statement of profit and loss

The statement of profit and loss account shows the following amounts relating to leases: (Rs. in crore)

	As at March 31, 2021	As at March 31, 2020
Depreciation charge of right-of-use assets		
Buildings (refer note 22)	8.66	5.52
Total	8.66	5.52

(Rs. in crore)

	As at March 31, 2021	As at March 31, 2020
Interest expense (refer note 24)	2.60	2.06
Expense relating to short-term leases (refer note 23)	1.95	7.16
Total	4.55	9.22

The total cash outflow for leases for the year ended March 31, 2021 was Rs. 10.07 crore (previous year Rs. 6.39 crore).

(iii) Extension and termination options

Extension and termination options are included in a number of property and equipment leases of the Company. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor.

10 INTANGIBLE ASSETS

(Rs. in crore)

	Computer software
Year ended March 31, 2020	
Gross carrying amount	
Opening gross carrying amount as at April 1, 2019	6.04
Additions	7.10
Disposals and transfers	-
Closing gross carrying amount	13.14
Accumulated amortisation	
Opening accumulated amortisation	2.97
Amortisation during the year	2.67
Disposals and transfers	-
Closing accumulated depreciation	5.64
Net carrying amount as at March 31, 2020	7.50
Year ended March 31, 2021	
Gross carrying amount	
Opening gross carrying amount as at April 1, 2020	13.14
Additions	0.90
Disposals and transfers	(0.58)
Closing gross carrying amount	13.46
Accumulated amortisation	
Opening accumulated amortisation	5.64
Amortisation during the year	3.62
Disposals and transfers	(0.36)
Closing accumulated depreciation	8.90
Net carrying amount as at March 31, 2021	4.56

i) Contractual obligations

Refer to note 30 for disclosure of contractual commitments for the acquisition of intangible assets.

11 OTHER NON-FINANCIAL ASSETS

(Rs. in crore)

	As at March 31, 2021	As at March 31, 2020
Prepaid expenses - Brokerage	1.40	3.04
Prepaid expenses - Others	5.18	4.09
Supplier advances	0.88	2.47
Advances to employees	0.07	0.14
Receivable in respect of gratuity	-	0.79
Balances with government authorities - cenvat credit available	10.79	11.99
Other advances	2.55	9.54
Total	20.87	32.06

12A TRADE PAYABLES

(Rs. in crore)

	As at March 31, 2021	As at March 31, 2020
- Total outstanding dues of micro enterprises and small enterprises (refer note 31)	0.04	0.25
- Total outstanding dues of creditors other than micro enterprises and small enterprises	10.11	10.63
Total	10.15	10.88

12B OTHER PAYABLES

(Rs. in crore)

	As at March 31, 2021	As at March 31, 2020
- Total outstanding dues of micro enterprises and small enterprises (refer note 31)	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	3.03	0.03
Total	3.03	0.03

13 OTHER FINANCIAL LIABILITIES

(Rs. in crore)

	As at March 31, 2021	As at March 31, 2020
Employee benefits payable	32.27	32.27
Total	32.27	32.27

14 INCOME TAX LIABILITIES (NET)

(Rs. in crore)

	As at March 31, 2021	As at March 31, 2020
Provision for income tax	14.00	9.52
(net of advance tax as of 2020: Rs. 147.34 crore; 2019: Rs. 147.64 cores)		
Total	14.00	9.52

15 PROVISIONS

(Rs. in crore)

	As at March 31, 2021	As at March 31, 2020
Provision for gratuity (refer note 26)	1.50	3.12
Total	1.50	3.12

16 DEFERRED TAX LIABILITIES/(ASSETS)

(Rs. in crore)

	As at March 31, 2021	As at March 31, 2020
Fair value adjustments		
- Investments	4.71	1.50
- Security deposits	(0.29)	0.38
Right-of-use assets	7.06	9.16
Property, plant and equipment	(1.77)	(1.54)
Lease liabilities	(7.87)	(9.70)
Impairment on financial instruments-security deposits	(0.41)	(0.46)
Total	1.43	(0.66)

Movement in Deferred tax liabilities

The balance comprises temporary differences attributable to the below items and corresponding movement in deferred tax liabilities / assets:

(Rs. in crore)

	As at April 1, 2019	Adjustment due to adoption of IND AS 116	Charged/ (credited) to profit and loss	As at March 31, 2020
Deferred tax liability:				
Fair valuation of investments	7.61	-	(5.35)	2.26
Right-of-use assets	-	5.66	3.50	9.16
	7.61	5.66	(1.85)	11.42
Deferred tax asset:				
Property, plant and equipment	2.40	0.10	(0.96)	1.54
Lease liabilities	-	6.32	3.38	9.70
Impairment on financial instruments-security deposits	0.70	-	(0.24)	0.46
Fair valuation of security deposits	0.02	0.01	0.35	0.38
	3.12	6.43	2.53	12.08
Net deferred tax (asset)/liability	4.49	(0.77)	(4.38)	(0.66)

(Rs. in crore)

	As at April 1, 2020	Charged/ (credited) to profit and loss	As at March 31, 2021
Deferred tax liability:			
Fair valuation of investments	2.26	2.45	4.71
Right-of-use assets	9.16	(2.10)	7.06
	11.42	0.35	11.77
Deferred tax asset:			
Property, plant and equipment	1.54	0.23	1.77
Lease liabilities	9.70	(1.83)	7.87
Impairment on financial instruments-security deposits	0.46	(0.05)	0.41
Fair valuation of security deposits	0.38	(0.09)	0.29
	12.08	(1.74)	10.34
Net deferred tax (asset)/liability	(0.66)	2.09	1.43

17 OTHER NON-FINANCIAL LIABILITIES

(Rs. in crore)

	As at March 31, 2021	As at March 31, 2020
Statutory dues	15.82	14.27
Total	15.82	14.27

18A EQUITY SHARE CAPITAL

(Rs. in crore)

	As at March 31, 2021		As at March 31, 2020	
	Number	Rs.	Number	Rs.
Authorised shares				
Equity shares of Rs. 1 each (previous year Rs. 1 each)	35,00,00,000	35.00	35,00,00,000	35.00
Issued, subscribed & fully paid-up shares				
Equity shares of Rs. 1 each (previous year Rs. 1 each)	2,68,00,520	2.68	2,67,90,450	2.68
Total	2,68,00,520	2.68	2,67,90,450	2.68

a) Movements in equity share capital

(Rs. in crore)

	As at March 31, 2021		As at March 31, 2020	
	Number	Rs.	Number	Rs.
Outstanding at the beginning of the year	2,67,90,450	2.68	26,79,045	2.68
Stock options exercised under the ESOS	10,070	- #	-	-
Subdivision of shares as per the note below	-	-	2,41,11,405	-
Outstanding at the end of the year	2,68,00,520	2.68	2,67,90,450	2.68

Below Rs. 0.01 crore.

The Shareholders of the Company had, at the Extraordinary General Meeting (EGM) held on December 24, 2019, accorded their consent to the following:

i) Subdivision of the authorised and issued share capital of the Company by decreasing the face value of the equity share from Rs.10 per share to Rs.1 per share. The record date for the sub division was December 23, 2019.

ii) Accordingly, the revised authorised share capital of the Company as at March 31, 2020 stood at Rs.35 crore divided into 350,000,000 equity shares of Rs.1 each and issued and subscribed and paid up share capital at Rs.2.68 crore comprising of 26,790,450 equity shares of Rs.1 each.

b) Terms and rights attached to equity shares

i) The Company has only one class of equity shares having a par value of Rs.1 per share (previous year Rs.1 per share). Each holder of equity shares is entitled to one vote per share.

ii) 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.

iii) The dividend proposed by the Board of Directors is subject to the approval of shareholders at the ensuing Annual General Meeting, except in case of interim dividend.

c) Shares reserved for issue under options

Information relating to the Employee Stock Option Scheme (ESOS), including details regrading options issued, exercised and lapsed during the year and options outstanding at the end of the reporting period is set out in note 36.

d) Details of shares held by the holding company

(Rs. in crore)

Equity shareholders	As at March 31, 2021		As at March 31, 2020	
	Number	Amount	Number	Amount
IDFC Financial Holding Company Limited (of which 6 shares are held jointly with nominees)	2,67,90,450	2.68	2,67,90,450	2.68

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

(Rs. in crore)

Equity shareholders	As at March 31, 2021		As at March 31, 2020	
	Number	% holding	Number	% holding
IDFC Financial Holding Company Limited (of which 6 shares are held jointly with nominees)	2,67,90,450	99.96	2,67,90,450	100.00

18B RESERVES AND SURPLUS

(Rs. in crore)

	As at March 31, 2021	As at March 31, 2020
Securities premium	23.37	22.19
Capital redemption reserve	19.79	19.79
General reserve	44.29	44.29
Surplus in the Statement of Profit and Loss	275.65	193.25
Share options outstanding account	10.77	7.48
ESOP contribution from parent	2.94	2.94
Total	376.81	289.94

a) Securities premium

(Rs. in crore)

	As at March 31, 2021	As at March 31, 2020
Opening balance	22.19	22.19
Additions during the year	0.97	-
Transfer from Share Options Outstanding Account (towards options exercised)	0.21	-
Closing balance	23.37	22.19

b) Capital redemption reserve

(Rs. in crore)

	As at March 31, 2021	As at March 31, 2020
Opening balance	19.79	19.79
Changes during the year	-	-
Closing balance	19.79	19.79

c) General reserve

(Rs. in crore)

	As at March 31, 2021	As at March 31, 2020
Opening balance	44.29	44.29
Appropriations during the year	-	-
Closing balance	44.29	44.29

d) Surplus in the Statement of Profit and Loss

(Rs. in crore)

	As at March 31, 2021	As at March 31, 2020
Opening balance	193.25	196.80
Change in accounting policy (refer note 38)	-	(2.21)
Restated balance	193.25	194.59
Net profit for the period	143.03	80.05
Appropriations during the year		
- Transfer to general reserves	-	-
- Dividend on equity shares	(61.62)	(66.98)
- Dividend distribution tax	-	(13.76)
Items of other comprehensive income recognised directly in retained earnings		
- Remeasurements of post-employment benefit obligations, net of tax	0.99	(0.65)
Closing balance	275.65	193.25

e) Share options outstanding account

(Rs. in crore)

	As at March 31, 2021	As at March 31, 2020
Opening balance	7.48	4.56
Employee stock option expense	3.50	2.92
Options vested during the year	-	-
Vested options cancelled during the year	-	-
Transfer to Securities Premium (towards options exercised)	(0.21)	-
Closing balance	10.77	7.48

f) ESOP contribution from parent

(Rs. in crore)

	As at March 31, 2021	As at March 31, 2020
Opening balance	2.94	2.92
Employee stock option expense	-	0.02
Vested options cancelled during the year	-	-
Closing balance	2.94	2.94

18C NATURE AND PURPOSE OF RESERVE

a) Securities premium

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

b) Capital redemption reserve

When shares are bought back, the Company is required to transfer the funds equivalent to the face value of shares so bought back to an account called "Capital redemption reserve". Funds in the reserve are non-distributable. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

c) General reserve

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to the statement of profit and loss.

d) Share options outstanding account

The share options outstanding account is used to recognise the grant date fair value of options issued to employees by the Company under Employee Stock Option Scheme (ESOS) over the vesting period (refer note 36).

e) ESOP contribution from parent

The account is used to recognise the grant date fair value of options issued to the employees of the Company by IDFC Limited (ultimate holding company) and IDFC FIRST Bank Limited (Formerly IDFC Bank Limited) under the group share based payment arrangement.

19 OTHER INCOME

(Rs. in crore)

	Year ended March 31, 2021	Year ended March 31, 2020
Net gain/(loss) on fair value changes of instruments measured at FVTPL		
- Realised	0.28	3.11
- Unrealised	22.07	(3.79)
Profit on sale of property, plant and equipment (net)	-	0.02
Interest on income tax refund	0.19	-
Interest income on financial assets measured at amortised cost	0.36	0.75
Dividend income	0.02	0.23
Miscellaneous income	0.10	0.02
Shared service costs recovered (net) (refer note (i) below)	0.23	3.41
Total	23.25	3.75

i) Shared service costs includes amount recovered from related parties Rs. 0.23 crore (previous year Rs. 6.02 crore) and amount paid to related parties Rs. Nil (previous year Rs. 2.61 crore) towards a Service Level Agreement (refer note 37).

20 EMPLOYEE BENEFIT EXPENSE

(Rs. in crore)

	Year ended March 31, 2021	Year ended March 31, 2020
Salaries, wages and bonus	80.83	85.26
Contribution to provident and other funds (refer note 26)	3.32	3.28
Contribution to gratuity (refer note 26)	2.82	2.25
Share based payment expense (refer note 36)	3.50	2.95
Staff insurance, training and welfare expense	2.19	2.24
Total	92.66	95.98

21 IMPAIRMENT OF FINANCIAL INSTRUMENTS

(Rs. in crore)

	Year ended March 31, 2021	Year ended March 31, 2020
On Financial instruments measured at amortised Cost:		
Security deposit	(0.21)	(0.16)
On Financial instruments measured at cost:		
Subsidiaries	0.46	1.09
Total	0.25	0.93

22 DEPRECIATION AND AMORTISATION EXPENSE

(Rs. in crore)

	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation of property, plant and equipment	4.54	3.98
Depreciation on right-of-use assets	8.66	5.52
Amortisation of intangible assets	3.62	2.67
Total	16.82	12.17

23 OTHER EXPENSES

(Rs. in crore)

	Year ended March 31, 2021	Year ended March 31, 2020
Rent	2.12	7.85
Rates and taxes	2.11	2.68
Electricity	0.92	1.50
Repairs and maintenance		
- Equipments	0.76	0.89
- Others	5.83	6.07
Insurance charges	0.26	0.18
Travelling and conveyance	0.27	1.96
Printing and stationery	0.29	1.13
Communication costs	2.32	2.29
Advertising, publicity and promotion	15.99	14.19
Listing and rating Fees	0.16	0.08
Professional fees	9.87	9.56
Directors' sitting fees	0.15	0.12
Membership and subscription	6.84	6.27
Computer software expenses	10.05	8.92
Scheme issue expenses (refer note (i) below)	2.72	2.26
Operational cost (refer note (ii) below)	4.50	19.44
Contribution for corporate social responsibility (CSR) (refer note (b) below)	1.31	3.07
Auditors remuneration [refer note (a) below]	0.36	0.46
Loss on sale of property, plant and equipment (net)	0.21	-
Miscellaneous expenses	0.73	1.19
Total	67.77	90.11

i) Scheme issue expenses are the expenses incurred by the Company towards launching of schemes and plans of IDFC Mutual Fund during the year.

ii) Other operational costs majorly comprises of expenses incurred by the schemes of IDFC Mutual Fund (the "Fund") over and above the expense limits prescribed by SEBI upto October 21, 2018, interest charged by bank to the Fund on account of temporary borrowings or overdrafts and payments made to investors of the Fund on account of delay in payment of redemption proceeds, etc. which are borne by the Company.

iii) Expenses incurred on behalf of schemes of the Fund upto October 21, 2018 are charged to the statement of profit and loss unless considered recoverable from schemes.

a) Breakup of Auditors' remuneration

(Rs. in crore)

	Year ended March 31, 2021	Year ended March 31, 2020
Audit fees	0.28	0.28
Tax audit fees	0.03	0.03
Other Services	0.05	0.14
Out-of-pocket expenses	#	#
Total	0.36	0.45

#Below Rs. 0.01 crore.

b) Contribution for corporate social responsibility (CSR)

i) As per Section 135 of the Companies Act, 2013, amount required to be spent by the Company on Corporate Social Responsibility (CSR) related activities during the period is Rs. 2.30 crore (previous year Rs. 2.07 crore).

ii) Amount spent towards CSR during the year and recognised as expense in the Statement of Profit and Loss on CSR related activities is Rs. 1.30 crore (previous year Rs. 3.07 crore), which comprise of following:

23 OTHER EXPENSES

(Rs. in crore)

	Year ended March 31, 2021	Year ended March 31, 2020
CSR Expenditure:		
School and Teachers Innovating for Results (India)	0.39	-
Govandi Education Society	0.17	-
Tns India Foundation	0.16	-
Saajha	0.22	-
K C Mahindra Education Trust - A/c Nanhi Kali	0.36	0.72
Prime Minister's CARES Fund*	-	1.00
Prime Minister's Relief Fund	-	0.82
United Way of Mumbai	-	0.53
	1.30	3.07
Amount spent during the year on:		
(i) Construction/acquisition of an asset	-	-
(ii) On purposes other than (i) above	1.30	3.07
Total	1.30	3.07

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

*Based on the Appeal received from the Government of India, Ministry of Corporate Affairs, the Company had additionally contributed Rs. 1.00 crore towards Prime Minister's CARES fund in the previous year which the Company desires to offset against the CSR obligation arising in the current year.

24 FINANCE COST

(Rs. in crore)

	Year ended March 31, 2021	Year ended March 31, 2020
Interest on lease liability	2.60	2.06
Total	2.60	2.06

25 INCOME TAX

a) The components of income tax expense for the years ended March 31, 2021 and March 31, 2020 are:

(Rs. in crore)

	Year ended March 31, 2021	Year ended March 31, 2020
Current tax	45.87	32.62
Deferred tax	2.09	(4.38)
Prior period tax	-	-
Total	47.96	28.24

b) Reconciliation of the total tax charge

The tax charge shown in the Statement of Profit and Loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the years ended March 31, 2021 and March 31, 2020 is, as follows:

(Rs. in crore)

	Year ended March 31, 2021	Year ended March 31, 2020
Accounting profit before tax	190.99	108.29
Tax at India's statutory income tax rate of 25.17% (previous year 25.17%)	48.07	27.26
Tax effect of the amount which are not taxable in calculating taxable income :		
- Income taxed at differential rate	(2.08)	(1.49)
- Expense not deductible for tax purposes	0.51	0.32
- Income not subject to tax	-	(0.06)
- Permanent difference:		
- ESOP	0.88	0.74
- Scheme issue expenses	0.55	0.38
- Others	0.03	1.08
Income tax expense at effective tax rate	47.96	28.24
Effective tax rate	25.11%	26.07%

26 EMPLOYEE BENEFIT OBLIGATIONS

(a) Defined contribution plans

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

(Rs. in crore)

	Year ended March 31, 2021	Year ended March 31, 2020
Provident fund	2.86	2.75
Pension fund	0.37	0.41
Labour welfare fund	#	#
Superannuation fund	0.09	0.12
Total	3.32	3.28

#Below Rs. 0.01 crore.

(b) Defined benefit plans

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

The following tables summarises the components of net benefit expense recognised in the Statement of Profit and Loss and the funded status and amounts recognised in the balance sheet for the respective plans:

i) Balance sheet (Rs. in crore)

	Present value of obligation	Fair value of plan assets	Net amount
As at April 1, 2019	13.45	9.07	4.38
Current service cost	2.13	-	2.13
Interest expense/(income)	0.97	0.68	0.29
Return on plan assets	-	0.10	(0.10)
Actuarial loss / (gain) arising from change in financial assumptions	2.05	-	2.05
Actuarial loss / (gain) arising from change in demographic assumptions	-	-	#
Actuarial loss / (gain) arising on account of experience changes	(1.08)	-	(1.08)
Reversal of the liability	-	-	-
Employer contributions	-	4.38	(4.38)
Benefit payments	(1.24)	(1.24)	-
Past Service Cost	-	-	-
Liabilities assumed / (settled)*	(0.17)	-	(0.17)
As at March 31, 2020	16.11	12.99	3.12
Current service cost	2.65	-	2.65
Interest expense/(income)	1.07	0.90	0.17
Return on plan assets	-	0.10	(0.10)
Actuarial loss / (gain) arising from change in financial assumptions	(0.27)	-	(0.27)
Actuarial loss / (gain) arising from change in demographic assumptions	-	-	-
Actuarial loss / (gain) arising on account of experience changes	(0.95)	-	(0.95)
Reversal of the liability	-	-	-
Employer contributions	-	3.12	(3.12)
Benefit payments	(1.31)	(1.31)	-
Past Service Cost	-	-	-
Liabilities assumed / (settled)*	-	-	-
As at March 31, 2021	17.30	15.80	1.50

*On account of business combination or inter group transfer

#Below Rs. 0.01 crore.

(Rs. in crore)

	As at March 31, 2021	As at March 31, 2020
Present value of plan liabilities	17.30	16.11
Fair value of plan assets	15.80	12.99
Plan liability net of plan assets	1.50	3.12

(ii) Statement of profit and loss

(Rs. in crore)

	Year ended March 31, 2021	Year ended March 31, 2020
Employee benefit expense		
Current service cost	2.65	2.13
Total	2.65	2.13
Finance costs	0.17	0.29
Past Service Cost	-	-
(Gains)/Losses on settlement	-	(0.17)
Net impact on the profit before tax	2.82	2.25

(Rs. in crore)

	Year ended March 31, 2021	Year ended March 31, 2020
Remeasurements of the net defined benefit liability:		
Return on plan assets excluding amounts included in interest expense/income	(0.10)	(0.10)
Actuarial gains/(losses) arising from changes in demographic assumptions	-	-
Actuarial gains/(losses) arising from changes in financial assumptions	(0.27)	2.05
Actuarial gains/(losses) arising from changes in experience	(0.95)	(1.08)
Net impact on the other comprehensive income before tax	(1.32)	0.87

iii) Defined benefit plan assets

Category of assets (% allocation)	As at March 31, 2021	As at March 31, 2020
Insurer managed funds		
- Government securities	38.89	35.92
- Deposit and money market securities	4.32	1.49
- Debentures / bonds	56.79	62.59
- Equity shares	-	-
Total	100.00	100.00

iv) Actuarial assumptions

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

	As at March 31, 2021	As at March 31, 2020
Discount rate	7.00	6.85
Salary escalation rate*	10.00	10.00

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

v) Demographic assumptions

Mortality in Service :

Age (Years)	As at March 31, 2021 Rates (p.a.)	As at March 31, 2020 Rates (p.a.)
18	0.0008740	0.0008740
23	0.0009360	0.0009360
28	0.0009420	0.0009420
33	0.0010860	0.0010860
38	0.0014530	0.0014530
43	0.0021440	0.0021440
48	0.0035360	0.0035360
53	0.0061740	0.0061740
58	0.0096510	0.0096510

vi) Sensitivity (Rs. in crore)

As at March 31, 2021	Change in assumption	Impact on defined benefit obligation	
		Increase	Decrease
Discount rate	50 bps	16.44	18.73
Salary escalation rate	50 bps	18.20	16.46

As at March 31, 2020	Change in assumption	Impact on defined benefit obligation	
		Increase	Decrease
Discount rate	50 bps	15.49	16.80
Salary escalation rate	50 bps	16.77	15.50

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

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

vii) Maturity

The defined benefit obligations shall mature after year end as follows: (Rs. in crore)

	As at March 31, 2021	As at March 31, 2020
Within the next 12 months (next annual reporting period)	1.34	0.92
Between 2 and 5 years	3.68	3.25
Between 6 and 9 years	3.70	3.27
Between 10 and above	26.14	21.77
Total expected payments	34.86	29.21

The weighted average duration of the defined benefit obligation is 10.31 years (previous year - 10.58 years).

27 SEGMENT INFORMATION

The Company is engaged in the business of providing asset management services to IDFC Mutual Fund, investment advisory and portfolio management services which contributes a single reportable business segment. During the year ended March 31, 2021, the Company was engaged in only one business segment and as such there are no separate reportable segments, as required by Ind AS 108 on 'Segment Reporting'. The Company's revenue is primarily from services rendered in India.

a) Segment revenue

The Company operates as a single segment. The segment revenue is measured in the same way as in the Statement of Profit and Loss.

(Rs. in crore)

	Year ended March 31, 20201	Year ended March 31, 2020
Segment revenue		
- India	347.84	305.79
- Outside India	-	-
Total	347.84	305.79

* There is one single party who individually contributes more than 10% of total operating revenue of the Company which aggregates to Rs. 345.34 crore (previous year Rs. 302.03 crore) .

b) Segment assets and segment liabilities

(Rs. in crore)

	As at March 31, 2021	As at March 31, 2020
Segment assets - India	118.43	140.06
Total Segment assets - India	118.43	140.06
Unallocated:		
Investments	354.68	244.10
Income tax assets (net)	15.85	17.10
Total asset as per balance sheet	488.96	401.26
Segment liabilities - India	94.04	98.46
Total Segment liabilities - India	94.04	98.46
Unallocated:		
Income tax liabilities (net)	14.00	9.52
Deferred tax liabilities (net)	1.43	0.66
Total liability as per balance sheet	109.47	108.64

28 EARNINGS PER SHARE (EPS)

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

(Rs. in crore except equity share data)

	Year ended March 31, 20201	Year ended March 31, 2020
Net profit after tax available for equity shareholders	143.03	80.05
Weighted average number of equity shares (face value of Rs.1 each)	2,67,91,222	2,67,90,450

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

(Rs. in crore)

	Year ended March 31, 20201	Year ended March 31, 2020
Basic earnings per share (face value of Rs.1 each)	53.39	29.88
Effect of outstanding stock options	-	-
Diluted earnings per share (face value of Rs.1 each)	53.39	29.88

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

	Year ended March 31, 20201	Year ended March 31, 2020
Weighted average number of shares for computation of Basic EPS (face value of Rs.1 each)	2,67,91,222	2,67,90,450
Dilutive effect of outstanding stock options	-	-
Weighted average number of shares for computation of Diluted EPS (face value of Rs.1 each)	2,67,91,222	2,67,90,450

The Shareholders of the Company had, at the Extraordinary General Meeting (EGM) held on December 24, 2019, accorded their consent to the following:

i) Subdivision of the authorised and issued share capital of the Company by decreasing the face value of the equity share from Rs.10 per share to Rs.1 per share. The record date for the sub division was December 23, 2019.

ii) Accordingly, the revised authorised share capital of the Company as at March 31, 2020 stood at Rs.35 crore divided into 350,000,000 equity shares of Rs. 1 each and issued and subscribed and paid up share capital at Rs.2.68 crore comprising of 26,790,450 equity shares of Rs.1 each.

Under the share split, equity shares were issued to exisiting sharesholders for no additional consideration and hence, the number of equity shares outstanding increased without an increase in resources. As per Ind AS 33, the number of equity shares outstanding before such event is to be adjusted for the proportionate change in the number of equity shares outstanding as if such event had occurred at the beginning of the earliest period reported. Pursuant to the sharesholders' consent to the sub division of the equity shares at the EGM mentioned above, number of equity shares outstanding during the previous year, which were considered for the compuation of Basic earnings per share have been adjusted in the financial statements.

29 CONTINGENT LIABILITIES

(Rs. in crore)

i)	As at March 31, 2021	As at March 31, 2020
Claims not acknowledged as debts in respect of:		
- Reversal of Cenvat credit under protest	1.50	1.50
- Income tax demand	0.07	-
Total	1.57	1.50

ii) Provident Fund:

The Company has evaluated the impact of the Supreme Court Judgment in case of "Vivekananda Vidyamandir And Others Vs The Regional Provident Fund Commissioner (II) West Bengal" and the related circular (Circular No. C-I/1(33)2019/Vivekananda Vidya Mandir/284) dated March 20, 2019 issued by the Employees' Provident Fund Organisation in relation to non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. In the assessment of the management which is supported by legal advice, the aforesaid matter is not likely to have a significant impact and accordingly, no provision has been made in these Financial Statements.

30 CAPITAL COMMITMENTS

(Rs. in crore)

	As at March 31, 2021	As at March 31, 2020
Estimated amount of contracts remaining to be executed on capital account	0.36	3.76
Total	0.36	3.76

31 TRADE PAYABLES

Dues to micro and small enterprises

The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The below information regarding micro, small and medium enterprises have been determined on the basis of information available with the Company. The disclosures pursuant to the said MSMED Act are as follows (refer note 12A):

(Rs. in crore)

	As at March 31, 2021	As at March 31, 2020
Principal amount due to suppliers registered under MSMED Act and remaining unpaid as at year end	0.04	0.25
Interest due to suppliers registered under MSMED Act and remaining unpaid as at year end	-	-
Principal amount paid to suppliers registered under MSMED Act, beyond the appointed day during the year	-	-
Interest paid, under Section 16 of MSMED Act, to suppliers registered under MSMED Act, beyond the appointed day during the year	-	-
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under MSMED Act, beyond the appointed day during the year	-	-
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 MSMED Act	-	-
Interest accrued and remaining unpaid at the end of each accounting year	-	-
Amount of further interest remaining due and payable even in the succeeding years, until such date when interest dues above are actually paid to the small enterprises, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act	-	-

32 CAPITAL MANAGEMENT

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

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

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

Dividend paid and proposed during the year

(Rs. in crore)

		Year ended March 31, 2021	Year ended March 31, 2020
A.	**Declared and paid during the year**		
	Dividends on ordinary shares:		
	Final dividend for 2020: Rs. Nil per share (2019: Rs. 125.00 per share)	-	33.49
	Dividend Distribution Tax on final dividend	-	6.88
	Interim dividend for 2021: Rs. 23.00 per share (2020: Rs. 125.00 per share)	61.62	33.49
	Dividend Distribution Tax on interim dividend	-	6.88
	Total dividends paid including DDT	61.62	80.74
B.	**Proposed for approval at Annual General Meeting (not recognised as a liability as at March 31, 2021)**		
	Dividend on ordinary shares:		
	Final dividend for 2021: Rs.Nil per share (2020: Rs.Nil per share)	-	-
	Dividend Distribution Tax on final dividend	-	-

33 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

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

	As at March 31, 2021			As at March 31, 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial assets						
Cash and cash equivalents	3.16	-	3.16	4.43	-	4.43
Bank balances other than cash and cash equivalents	2.55	-	2.55	0.32	-	0.32
Trade receivables	12.67	-	12.67	17.95	-	17.95
Investments	318.52	61.31	379.83	188.49	74.60	263.09
Other financial assets	0.99	8.04	9.03	2.11	8.03	10.14
Non-financial assets						
Income tax assets (net)	-	15.85	15.85	-	17.10	17.10
Property, plant and equipment	-	12.40	12.40	-	11.61	11.61
Intangible assets	-	4.56	4.56	-	7.50	7.50
Right-of-use assets	-	28.04	28.04	-	36.40	36.40
Deferred tax asset (net)	-	-	-	-	0.66	0.66
Other non-financial assets	20.67	0.20	20.87	30.47	1.59	32.06
Total assets	358.56	130.40	488.96	243.77	157.49	401.26
Financial liabilities						
Payables						
(I) Trade payables						
(i) total outstanding dues of micro enterprises and small enterprises	0.04	-	0.04	0.25	-	0.25
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	10.11	-	10.11	10.63	-	10.63
(II) Other payables		-	-		-	-
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	3.03	-	3.03	0.03	-	0.03
Lease liabilities	8.14	23.13	31.27	7.83	30.72	38.55
Other financial liabilities	32.27	-	32.27	32.27	-	32.27
Non-financial Liabilities						
Income tax liabilities (net)	14.00	-	14.00	9.52	-	9.52
Provisions	1.50	-	1.50	3.12	-	3.12
Deferred tax liabilities (net)	-	1.43	1.43	-	-	-
Other non-financial liabilities	15.82	-	15.82	14.27	-	14.27
Total liabilities	84.91	24.56	109.47	77.92	30.72	108.64
Net	273.65	105.84	379.49	165.85	126.77	292.62

34 FAIR VALUE MEASUREMENT

a) Financial instruments by category

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

(Rs. in crore)

	As at March 31, 2021		
	FVTPL	FVOCI	Amortised cost
Financial Assets:			
Cash and cash equivalents	-	-	3.16
Bank Balances other than cash and cash equivalents	-	-	2.55
Trade receivables	-	-	12.67
Investments:			
- Mutual fund units	339.68	-	-
- Alternate investment funds units	29.28	-	-
- Equity instruments	10.00	0.05	-
Other financial assets	-	-	9.03
Total Financial Assets	378.96	0.05	27.41
Financial Liabilities:			
Trade and other payables	-	-	13.18
Other financial liabilities	-	-	32.27
Total Financial Liabilities	-	-	45.45

(Rs. in crore)

	As at March 31, 2020		
	FVTPL	FVOCI	Amortised cost
Financial Assets:			
Cash and cash equivalents	-	-	4.43
Bank Balances other than above	-	-	0.32
Trade receivables	-	-	17.95
Investments:			
- Mutual fund units	204.96	-	-
- Alternate investment funds units	46.55	-	-
- Equity instruments	11.36	0.05	-
Other financial assets	-	-	10.14
Total Financial Assets	262.87	0.05	32.84
Financial Liabilities:			
Trade and other payables	-	-	10.66
Other financial liabilities	-	-	32.27
Total Financial Liabilities	-	-	42.93

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

The Equity instruments include participation shares of MF Utilities India Private Limited which are strategic investments, not held for trading for which Company has made an irrevocable option to recognize it at fair value through other comprehensive income.

b) Fair value hierarchy

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

As at March 31, 2021 (Rs. in crore)

Assets and liabilities measured at fair value - recurring fair value measurements	Note	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL	6				
- Mutual fund units		-	339.68	-	339.68
- Alternate investment funds units		-	29.28	-	29.28
- Equity instruments		3.99	6.01	-	10.00
Financial Investments at FVOCI					
- Equity instruments		-	0.05	-	0.05
Total financial assets		3.99	375.02	-	379.01

As at March 31, 2020 (Rs. in crore)

Assets and liabilities measured at fair value - recurring fair value measurements	Note	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL	6				
- Mutual fund units		-	204.96	-	204.96
- Alternate investment funds units		-	46.55	-	46.55
- Equity instruments		2.42	8.94	-	11.36
Financial Investments at FVOCI					
- Equity instruments		-	0.05	-	0.05
Total financial assets		2.42	260.50	-	262.92

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. However, there are no transfers between levels 1, 2 and 3 during the year.

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

The hierarchies used are as follows:

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

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

Level 3: If one or more significant inputs is not based on observable market data, the instrument is included in level 3.

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

Specific valuation techniques used to value financial instruments include:

- the fair value of quoted equity instruments is determined using market price quoted on stock exchanges.
- the fair value of mutual fund units and alternate investment fund units is determined using observable NAV representing repurchase price issued by the mutual fund and alternate investment funds. However, the Company may perform an adjustment (e.g. liquidity valuation adjustment in case of thinly traded investment) to the NAV if they consider the same as significant in order to derive the fair value of the Level 2 classified investments.
- The investment in Mutual Fund utility (MFU) participation shares (classified under FVOCI) entitles access to MFU a transaction aggregating portal that enables free access to investors for NAV and other scheme related content across mutual funds. The Association of Mutual Funds in India mandates this investment for all the asset management companies in proportion of their assets under management (AUM) to access MFU. These units do not carry any participation in the net asssets of MFU and will be reedemed at their face value when the AMC exits the platform. Accordingly the face value of the units is considered as a reasonable approximation of its fair value being the actual amount recoverable on exit from the platform.

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

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

The fair values for security deposits were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

For financial assets and financial liabilties measured at fair value, the carrying amounts are equal to the fair values.

35 FINANCIAL RISK MANAGEMENT

35.1 Introduction

Risk management is an integral part of the business practices of the Company. The framework of risk management concentrates on formalising a system to deal with the most relevant risks, building on existing management practices, knowledge and structures. The Company's senior management has the overall responsibility for the establishment and oversight of the Company's risk management framework. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The financial instruments held by the Company expose it to a variety of financial risks: market risk, credit risk and liquidity risk. In addition, the Company is indirectly exposed to market risk through management fee income which is determined by the assets under management of the schemes of IDFC Mutual Fund. The Company uses different methods such as sensitivity analysis to measure different types of risk to which it is exposed.

35.2 Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from its investment transactions.

Credit risk is monitored on an ongoing basis by the Company in accordance with its policies and procedures. The Company is exposed to credit risk from investments held in units of the funds it manages. These investments are measured at fair value through profit or loss. The Company has no significant concentration of credit risk.

The Company's financial assets subject to the expected credit loss model under Ind AS 109 are cash and cash equivalents, deposits with banks, security deposits, trade receivables and other receivables.

Trade receivables and other receivables have been considered to have a low credit risk as they meet the following criteria:

i) they have a low risk of default,

ii) the counterparty is considered, in the short term, to have a strong capacity to meet its obligations in the near term, and

iii) the Company expects, in the longer term, that adverse changes in economic and business conditions might, but will not necessarily, reduce the ability of the counterparty to fulfill its obligations.

The Company has placed security deposit with lessors for premises leased by the Company aggregating to Rs. 9.87 crore as at March 31, 2021 (previous year Rs. 11.54 crore). Where the Company perceives any significant decline in credit risk of the lessors and the amount of security deposit is material the Company has provided for expected credit losses on such security deposits.

The exposure to security deposit is considered in stage 1 and accordingly impairment loss is charged considering 12 months expected credit loss model. The ECL computation is done based on the formula Exposure at default (EAD)*Probability of default (PD)*Loss given default (LGD) where:

- Exposure at default (EAD) is based on the amount that the Company expects to be owed at the time of default, over the next 12 months (12M EAD).
- The Probability of default (PD) represents the likelihood of a counterparty defaulting on its financial obligation over the next 12 months (12M PD).
- Loss given default (LGD) represents the Company's expectation of the extent of loss on a defaulted exposure. LGD varies by the type of counterparty.

The following table contains an analysis of the credit risk exposure of security deposits for which an ECL allowance is recognised. The gross carrying amount of security deposit below also represents the Company's maximum exposure to credit risk on these assets.

As at March 31, 2021

	Risk rating	Lessor type	Exposure at default (Rs. in crore)	Probability of default	Loss given default	Expected credit loss (Rs. in crore)
Security Deposit	Stage 1	Corporate	1.96	26.92%	45.00%	0.24
	(12 month ECL)	Others	7.91	26.92%	65.00%	1.38
Total			9.87			1.62

As at March 31, 2020

	Risk rating	Lessor type	Exposure at default (Rs. in crore)	Probability of default	Loss given default	Expected credit loss (Rs. in crore)
Security Deposit	Stage 1	Corporate	3.46	26.92%	45.00%	0.42
	(12 month ECL)	Others	8.08	26.92%	65.00%	1.41
Total			11.54			1.83

Reconciliation of impairment allowance on security deposit

Impairment allowance measured as per general approach	(Rs. in crore)
Impairment allowance as at April 1, 2019	2.00
Add/(less): changes during the year	(0.17)
Impairment allowance as at March 31, 2020	1.83
Add/(less): changes during the year	(0.21)
Impairment allowance as at March 31, 2021	1.62

Cash and cash equivalents and bank deposits are held with only high rated banks/financial institutions, credit risk on them is, therefore, insignificant.

The Company's exposure to credit risk is limited to the carrying amount of the following assets recognised at the reporting date, as summarised below:

(Rs. in crore)

	As at March 31, 2021	As at March 31, 2020
Investments	379.83	263.09
Receivables	12.67	17.95
Cash and cash equivalents	3.16	4.43
Bank balances other than cash and cash equivalents above	2.55	0.32
Other financial assets	9.03	10.14

35.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. Prudent liquidity risk management implies maintaining sufficient cash and liquid investments. The Company believes that current cash and bank balances, bank deposits and investments in liquid investments are sufficient to meet liquidity requirements since Company has no external borrowings. Accordingly, liquidity risk is perceived to be low. The following table shows the maturity analysis of financial liabilities of the Company based on contractually agreed undiscounted cash flows as at the balance sheet date:

(Rs. in crore)

As at March 31, 2021	Note	Less than 12 months	More than 12 months	Total
Trade and other payables	12A and 12B	13.18	-	13.18
Lease Liability	9B	8.14	23.13	31.27
Other financial liabilities	13	32.27	-	32.27
Total		53.59	23.13	76.72

(Rs. in crore)

As at March 31, 2020	Note	Less than 12 months	More than 12 months	Total
Trade and other payables	12A and 12B	10.91	-	10.91
Lease Liability	9B	7.83	30.72	38.55
Other financial liabilities	13	32.27	-	32.27
Total		51.01	30.72	81.73

35.4 Market risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the value of a financial asset. The value of a financial asset may change as a result of changes in the interest rates, foreign currency exchange rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments.

i) Interest rate risk:

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

The Company does not have any variable rate borrowings. There are some investments in fixed rate debt securities measured at fair value through profit or loss.

The Company is exposed to interest rate risk from investments held in debt oriented units of the schemes of the mutual fund it manages. The exposure of debt oriented fund units to interest rate risk is measured using the sensitivity analysis as follows:

Exposure (Rs. in crore)

	As at March 31, 2021	As at March 31, 2020
Investment in mutual fund units (Debt)	311.17	188.03

(Rs. in cores)

	Impact on profit after tax and equity	
	March 31, 2021	March 31, 2020
Increase 100 basis points (bps) (previous year 100 bps)*	2.02	1.20
Decrease 100 basis points (bps) (previous year 100 bps)*	2.02	(1.20)

*Company has investment in various debt oriented mutual funds which are tracked to different benchmarks. The sensitivity analysis for these investments is performed with reference to respective benchmarks. The analysis is based on the assumption of keeping all other variables constant.

ii) Foreign currency risk:

The Company does not have any foreign currency exposures in respect of financial assets and financial liabilities as at the balance sheet date that will result in net currency gains or losses in the Statement of Profit and Loss due to change in foreign currency exchange rates.

iii) Price risk:

Price risk is the risk that the financial assets at fair value may fluctuate as a result of changes in market prices.

The Company is mainly exposed to price risk due to its investment in equity oriented mutual fund units, alternate investment fund units, venture capital fund units and equity instruments classified as fair value through profit and loss / fair value through other comprehensive income. Price risk arises due to uncertainties in the prices of the underlying securities in the schemes of the mutual fund which the Company manages, the alternate investment funds and venture capital funds. To manage its price risk arising from investments, the Company diversifies its portfolio. Diversification is done in accordance with the limits set by the risk management policies of the Company.

Exposure (Rs. in crore)

	As at March 31, 2021	As at March 31, 2020
Investment in mutual fund units (equity-oriented)		16.93
Investment in alternate investment fund units	29.28	46.55
Investment in equity instruments	10.00	11.36
Total	67.79	74.84

Sensitivity

Investment in mutual fund units and alternate investment fund units

The table summarises the impact of the increase/decrease in NAV of mutual fund units and alternate investment fund units on the Company's equity and profit for the year.

(Rs. in cores)

	Impact on profit after tax*	
	Year ended March 31, 2021	Year ended March 31, 2020
Investment in mutual fund units		
- Increase 100 basis points (bps) (previous year 100 bps)	0.20	0.12
- Decrease 100 basis points (bps) (previous year 100 bps)	0.20	(0.12)
Investment in alternate investment fund units		
- Increase 100 basis points (bps) (previous year 100 bps)	0.31	0.35
- Decrease 100 basis points (bps) (previous year 100 bps)	(0.31)	(0.35)

*Company has investment in various equit oriented mutual funds and alternate investment funds which are tracked to different benchmarks. The sensitivity analysis for these investments is performed with reference to respective benchmarks.

The analysis is based on the assumption keeping all other variables constant.

Investment in equity instruments

The majority of the Company's equity instruments are publicly traded and are included in the BSE 200 Index. The table below summarises the impact of increase/decrease of the benchmark index on the Company's equity and profit for the year. The analysis is based on the assumption that the equity index had increased by 15% (previous year 15%) or decreased by 15% (previous year 15%) with all other variables held constant, and that all the Company's equity instruments moved in line with the benchmark index BSE 200.

(Rs. in cores)

	Impact on profit after tax*	
	Year ended March 31, 2021	Year ended March 31, 2020
BSE 200		
- Increase by 15% (previous year 15%)	0.18	0.11
- Decrease by 15% (previous year 15%)	(0.18)	(0.11)

*The sensitivity analysis represents movement as at the March 31, 2021 and March 31, 2020 and does not represent movement during the year.

36 EMPLOYEE SHARE BASED PAYMENTS

a) Employee stock option scheme (equity settled)

I Company has constituted an IDFC AMC Employee Stock Option Scheme, 2020 ("ESOS 2020") which provides for grant of equity shares to eligible employees of the Company as decided by Nomination and Remuneration Committee (NRC). This ESOS – 2020 was formulated by NRC at its meeting held on December 23, 2019 and the same was approved by the Board of Directors on December 23, 2019 and subsequently by the Shareholders of the Company vide special resolution at their Extra-Ordinary General Meeting held on December 24, 2019.

The maximum aggregate number of employee stock options that may be awarded under this scheme and the previous scheme ESOS 2017 combined are 5% of issued equity shares outstanding (excluding warrants and conversions) of the Company.

The options granted under ESOS - 2020 would vest on completion of three years from the date of grant. The vesting of options would be a function of continued employment with the Company (vesting condition) and on achievement of performance criteria (performance condition) as specified by the NRC as communicated on grant of options. The options granted can be exercised within a maximum period of five years from the date of vesting.

Options are granted under the plan for no consideration and carry no dividend or voting rights. When exercisable, each option is convertible into one equity share. The performance conditions specified are not based upon market conditions and therefore at every reporting date entity revises its estimate of the number of options expected to vest in order to determine the share based payment charge for the year.

Summary of options granted under the plan:

	Year ended March 31, 2021		Year ended March 31, 2020	
	Average exercise price (Rs.)	Number of options	Average exercise price (Rs.)	Number of options
Opening balance	699.03	5,99,000	-	-
Granted during the year	699.03	19,000	699.03	5,99,000
Exercised during the year	-	-	-	-
Forfeited during the year	699.03	(14,000)	-	-
Lapsed/expired during the year	-	-	-	-
Closing balance	699.03	6,04,000	699.03	5,99,000
Vested and exercisable	-	-	-	-

The weighted average share price at the date on which options were exercised during the year ended March 31, 2021 was Rs. Nil (previous year Rs. Nil).

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

Grant date	Expiry date	Exercise price (Rs.)	Outstanding as at March 31, 2021	Outstanding as at March 31, 2020
January 01, 2020	January 01, 2028	699.03	5,85,000	5,99,000
April 1, 2020	April 1, 2028	699.03	7,500	-
October 1, 2020	October 1, 2028	699.03	11,500	-
Total			6,04,000	5,99,000
Weighted average remaining contractual life of options outstanding at end of period			6.78	7.76

i) Fair value of options granted

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

The options are granted for no consideration and will vest upon the completion of service condition and performance condition as specified in the scheme in a graded manner. Vested options are exercisable for a period of five years after vesting.

The model inputs for options granted during the year ended March 31, 2021 included:

Assumptions	Year ended March 31, 2021		Year ended March 31, 2020
	Grant 1	Grant 2	
Expected - Weighted average volatility	29.43%	30.76%	25.15%
Expected dividends	6.41%	6.41%	6.41%
Expected term (In years)	5.51	5.51	5.51
Risk free rate	6.15%	5.68%	6.51%
Exercise price (Rs.)	699.03	699.03	699.03
Market price (Rs.)	699.03	699.03	699.03
Fair value of the option at grant date (Rs.)	130.13	131.40	115.03

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

II Company has constituted an Employee Stock Option Scheme-2017 (“ESOSAMC-2017”) which provides for grant of equity shares to eligible employees of the Company as decided by Nomination and Remuneration Committee (NRC). This ESOSAMC – 2017 was formulated by NRC at its meeting held on August 9, 2017 and the same was approved by the Board of Directors on August 9, 2017 and subsequently by the Shareholders of the Company vide special resolution at their Extra-Ordinary General Meeting held on September 7, 2017.

The maximum aggregate number of employee stock options that may be awarded under this scheme are 2% of issued equity shares outstanding (excluding warrants and conversions) of the Company.

The options granted under ESOSAMC-2017 would vest on completion of three years from the date of the grant. The vesting of options would be a function of continued employment with the Company (vesting condition) and on achievement of performance criteria (performance condition) as specified by the NRC as communicated on grant of options. The options granted can be exercised within a maximum period of five years from the date of vesting.

Options are granted under the plan for no consideration and carry no dividend or voting rights. When exercisable, each option is convertible into one equity share. The performance conditions specified are not based upon market conditions and therefore at every reporting date entity revises its estimate of the number of options expected to vest in order to determine the share based payment charge for the year.

Summary of options granted under the plan:

	Year ended March 31, 2021		Year ended March 31, 2020	
	Average exercise price (Rs.)	Number of options*	Average exercise price (Rs.)	Number of options*
Opening balance*	964.69	3,99,540	964.69	4,35,750
Granted during the year	-	-	-	-
Exercised during the year	964.69	(10,070)	-	-
Forfeited during the year	964.69	(1,510)	964.69	(36,210)
Lapsed/expired during the year	-	-	-	-
Closing balance	964.69	3,87,960	964.69	3,99,540
Vested and exercisable	964.69	3,77,960	-	-

The weighted average share price at the date on which options were exercised during the year ended March 31, 2021 was Rs. 1,106.83 (previous year Rs. Nil).

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

Grant date	Expiry date	Exercise price (Rs.)	Outstanding as at March 31, 2021	Outstanding as at March 31, 2020*
September 9, 2017	September 9, 2025	964.69	3,68,540	3,80,120
November 6, 2017	November 6, 2025	964.69	9,420	9,420
April 11, 2018	April 11, 2026	964.69	10,000	10,000
Total			3,87,960	3,99,540
Weighted average remaining contractual life of options outstanding at end of period			4.35	5.46

*The outstanding number of options for ESOS - 2017 have been adjusted for the 1:10 stock split in December 2019 (refer note 18A).

i) Fair value of options granted

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

The options are granted for no consideration and will vest upon the completion of service condition and performance condition as specified in the scheme in a graded manner. Vested options are exercisable for a period of five years after vesting.

The model inputs for options granted during the year ended March 31, 2021 included:

Assumptions	Year ended March 31, 2021	Year ended March 31, 2020
Expected - Weighted average volatility	-	-
Expected dividends	-	-
Expected term (In years)	-	-
Risk free rate	-	-
Exercise price (Rs.)	-	-
Market price (Rs.)	-	-
Fair value of the option at grant date (Rs.)	-	-

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

b) Group share based payment scheme (equity settled)

IDFC Limited (ultimate holding company) has introduced IDFC Employee Stock Option Scheme, 201X ("IDFC ESOS - 2016") to enable the employees of the group companies to participate in the future growth and financial success of the IDFC Group. The scheme is in compliance with the SEBI (Share Based Employee Benefits) Regulations, 2014. The ESOS provides for grant of stock options to employees of the Company to acquire equity shares of the IDFC Limited, that will vest in a graded manner and that are to be exercised within a specified period.

Options granted under the plan to the employees of the Company are without any consideration and carry no dividend or voting rights. When exercisable, each option is convertible into one equity share of IDFC Limited. Since the Company does not have an obligation to settle the award granted to its employees, the award is treated as an equity-settled share-based payment in the Company's accounts.

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

	Year ended March 31, 2021		Year ended March 31, 2020	
	Average exercise price (Rs.)	Number of options	Average exercise price (Rs.)	Number of options
Opening balance	55.32	12,39,804	56.39	15,73,964
Granted during the year	-	-	-	-
Exercised during the year	-	-	-	-
Forfeited during the year	60.35	(23,100)	60.35	(3,34,160)
Lapsed/expired during the year	-	-	-	-
Closing balance	55.22	12,16,704	55.32	12,39,804
Vested and exercisable	55.22	12,16,704	55.32	12,39,804

The weighted average share price at the date on which options were exercised during the year ended March 31, 2021 was Rs. Nil (previous year Rs. Nil).

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

Grant date	Expiry date			Exercise price (Rs.)	Outstanding as at March 31, 2021	Outstanding as at March 31, 2020
	Vest 1	Vest 2	Vest 3			
October 5, 2015	October 5, 2021	October 5, 2022	October 5, 2023	60.35	7,74,104	7,97,204
February 5, 2016	February 5, 2022	February 5, 2023	February 5, 2024	41.15	3,00,000	3,00,000
September 14, 2016	September 14, 2022	September 14, 2023	September 14, 2024	59.20	1,00,000	1,00,000
March 14, 2017	March 14, 2023	March 14, 2024	March 14, 2025	51.85	42,600	42,600
Total					12,16,704	12,39,804
Weighted average remaining contractual life of options outstanding at end of period					2.78	2.82

i) Fair value of options granted

There were no options granted during the year ended March 31, 2021 and March 31, 2020.

c) Expense arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised in the Statement of Profit and Loss as part of employee benefit expense were as follows:

(Rs. in crore)

	Year ended March 31, 2021	Year ended March 31, 2020
Employee stock option scheme (equity settled)	3.50	2.92
Group share based payment scheme (equity settled)	-	0.02
Total	3.50	2.94

37 RELATED PARTY TRANSACTIONS

a) Ultimate holding company

IDFC Limited

b) Holding company

IDFC Financial Holding Company Limited

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

c) Subsidiaries/Controlled Funds

IDFC Investment Managers (Mauritius) Limited

IDFC IEH Tactical Fund (wef February 28, 2019 upto March 16, 2021)

IDFC IEH Conservative Fund (wef October 31, 2019)

d) Fellow subsidiaries

IDFC AMC Trustee Company Limited

IDFC Foundation

IDFC Alternatives Limited

IDFC Securities Limited (upto June 10, 2020)

IDFC Trustee Company Limited

IDFC Projects Limited

e) Associate

IDFC First Bank Limited (Formerly IDFC Bank Limited)

NIIF Infrastructure Finance Limited (Formerly IDFC Infrastructure Finance Limited) (upto March 30, 2020)

f) Key management personnel

Mr. Vishal Kapoor - Chief Executive Officer

Mr. Vinod Rai - Chairman Non-executive Director

Mr. Sunil Kakar - Director*

Ms. Anita Ramachandran - Independent Director

Mr. Vishwavir Saran Das - Independent Director (upto August 12, 2019)

Ms. Anita Belani - Independent Director (wef August 13, 2019)

Sitting fees paid to the directors has been disclosed as "Directors' Sitting Fees" under "other expenses" in note 23. There is no other benefit paid to the directors.

(Rs. in cores)

	Year ended March 31, 2021	Year ended March 31, 2020
Short-term employee benefit	5.62	4.77
Long-term employee benefit	0.37	0.35
Total	5.99	5.12

*No transaction during the year

g) Transactions with related parties

(Rs. in crore)

	Transactions	Year ended March 31, 2021	Year ended March 31, 2020
IDFC Limited	Reimbursement of expenses	0.02	0.22
	Shared service cost paid (net of recovery)	-	0.10
	Recovery of expenses / asset	0.08	0.38
IDFC Financial Holding Company Limited	Reimbursement of expenses	#	-
	Shared services cost recovered	-	0.08
IDFC Investment Managers (Mauritius) Limited	Purchase of Equity shares	1.11	0.69
IDFC IEH Tactical Fund	Revenue from management fees	0.14	0.16
	Recovery of other expenses (net)	0.10	0.16
	Distribution received on fund closure	15.42	-
IDFC IEH Conservative Fund	Revenue from management fees	0.39	0.59
	Recovery of other expenses (net)	0.09	0.15
IDFC AMC Trustee Company Limited	Recovery of expenses	0.03	0.12
IDFC Foundation	Recovery of expenses	#	#
IDFC Alternatives Limited	Shared services cost recovered	-	0.24
	Recovery of expenses / asset	-	0.04
IDFC Securities Limited	Shared services cost recovered	0.23	3.90
	Recovery of expenses / asset	0.11	0.24

(Rs. in crore)

	Transactions	Year ended March 31, 2021	Year ended March 31, 2020
IDFC Trustee Company Limited	Shared services cost recovered	-	0.01
IDFC Projects Limited	Shared services cost recovered	-	0.01
IDFC First Bank Limited (Formerly IDFC Bank Limited)	Reimbursement of deposit/expenses / asset	-	0.05
	Shared service cost paid	-	0.99
	Recovery of expenses / asset	-	0.14
	Interest on fixed deposit	-	#
NIIF Infrastructure Finance Limited (Formerly IDFC Infrastructure Finance Limited)	Shared services cost recovered	-	0.26
	Recovery of expenses	-	#

h) Outstanding balances

(Rs. in crore)

	Balances	As at March 31, 2021	As at March 31, 2020
IDFC Investment Managers (Mauritius) Limited	Outstanding investments as at year end (net of impairment)	0.82	0.17
IDFC IEH Tactical Fund	Outstanding receivable as at year end	0.45	0.03
	Outstanding investments as at year end	-	20.00
IDFC IEH Conservative Fund	Outstanding receivable as at year end	0.04	0.06
	Outstanding investments as at year end	30.00	30.00
IDFC Securities Limited	Outstanding receivable as at year end	-	0.19
IDFC First Bank Limited (Formerly IDFC Bank Limited)	Current account balance	0.20	0.23
	Current account balance (Investor Education and Awareness)	2.08	0.23
	Interest accrued on term deposits	-	#

#Below Rs. 0.01 crore.

38 CHANGES IN ACCOUNTING POLICY DURING THE PREVIOUS YEAR

Impact on the financial statements - lease accounting

The Company had adopted Ind AS 116 retrospectively from April 1, 2019, but had not restated comparative for the year ended March 31, 2019, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules that were recognised in the opening balance sheet on April 1, 2019 were as follows.

Adjustments recognised in the balance sheet on April 1, 2019

The changes in accounting policy affected the following items in the balance sheet on April 1, 2019:

- property, plant and equipment - decrease by INR 0.27 crores
- right-of-use assets - increase by INR 16.20 crore
- deferred tax assets (net) - increase by INR 0.77 crore
- prepayments - decrease by INR 0.82 crore
- lease liabilities - increase by INR 18.09 crore

The net impact on retained earnings on April 1, 2019 was decrease of INR 2.21 crore

39 IMPACT OF COVID 19

In addition to the widespread public health implications, the COVID-19 pandemic has had an extraordinary impact on macroeconomic conditions in India and around the world. During the previous year, people and economies around the world, witnessed serious turbulence caused by the first wave of the pandemic, the consequent lockdowns, the gradual easing of restrictions and the emergence of new variants of the virus. The first half of the year was worst affected due to pandemic. However, there was an economic recovery in the later half as lockdowns eased consequent to reduction in COVID-19 cases. Although government has started vaccination drive, COVID-19 cases have significantly increased in recent months due to second wave as compared to earlier levels in India. Various state governments have again announced strict measures include lockdowns to contain this spread. As COVID vaccines get administered to more and more people, businesses in sectors impacted by pandemic may pick up. However, the continuing and evolving nature of the virus has created uncertainty regarding estimated time required for businesses and lives to get back to normal.

The Company continues to closely monitor the situation and in response to this health crisis has implemented protocols and processes to execute its business continuity plans and help protect its employees and support its clients.

The Company is in the business of providing asset management services and portfolio management services. The Company's operations are included in essential services and have continued through the lock down declared by the government. The Company has made an assessment of its liquidity position applying stress scenarios. The Company believes that it has taken into account all the possible impact of known events arising from COVID-19 pandemic in the preparation of the financial statements.

The Company has further assessed the recoverability and carrying value of its assets comprising Investments, Property, Plant and Equipment, Intangible assets and other assets as at balance sheet date, and has concluded that there are no material adjustments required in the financial Statements, other than those already considered. The future direct and indirect impact of COVID-19 on the Company business, results of operations, financial position and cash flows remains uncertain. The Company will continue to monitor any material changes to future economic conditions.

For Price Waterhouse & Co Chartered Accountant LLP
Firm Registration No. 304026E/E-300009

Sharad Vasant
Partner
Membership Number : 101119

Mumbai, May 3, 2021

For and on behalf of the Board of Directors of
IDFC Asset Management Company Limited
CIN No.U65993MH1999PLC123191

Sunil Kakar	**Vinod Rai**
Director	Director
DIN: 03055561	DIN: 00041867
Mumbai, May 3, 2021	New Delhi, May 3, 2021

Nirav Shah	**Piyush Anchliya**	**Vishal Kapoor**
Company Secretary	Chief Financial Officer	Chief Executive Officer
Mumbai, May 3, 2021	Mumbai, May 3, 2021	Mumbai, May 3, 2021

IDFC INVESTMENT MANAGERS (MAURITIUS) LTD.

DIRECTORS
Mr. Sevin Chendriah
Mrs. Savinilorna Payandi Pillay Ramen

SECRETARY & ADMINISTRATOR
IQ EQ Fund Services (Mauritius) Ltd
33, Edith Cavell Street
Port Louis, 11324
Mauritius

AUDITOR
(Up to 29th March 2020)
Ernst & Young
9th Floor,
NeXTeracom Tower 1
Cybercity
Ebène
Mauritius

(As from 30th March 2020)
Barnes Associates
Reduit Road
Ebene
Mauritius

BANKER
Standard Chartered Bank (Mauritius) Limited
19 Bank Street, 6th Floor
Standard Chartered Tower
Cybercity, Ebene 72201
Mauritius

REGISTERED OFFICE
C/o IQ EQ Fund Services (Mauritius) Ltd
33, Edith Cavell Street
Port Louis, 11324
Mauritius

PRINCIPLE 1: GOVERNANCE STRUCTURE

GENERAL INFORMATION

IDFC Investment Managers (Mauritius) Ltd (the "Company") was incorporated on 13 September 2010 as a private company limited by shares and holds a Category 1 Global Business Licence Company issued by the Financial Services Commission. The Company is licensed to operate as a CIS Manager pursuant to Section 98 of the Securities Act 2005 and the Financial Services (Consolidated Licensing and Fees) Rules 2008. The Company is classified as a Public Interest Entity (''PIE'') under the Financial Reporting Act.

As per the Code, all organisations should be headed by an effective Board. Responsibilities and accountabilities within the organisation should be clearly identified. The Board takes its fiduciary responsibilities seriously. Each Director is appointed with the understanding of the amount of time and care that they will need to devote to the Board and to the organisation in order for it to prosper. The Board has approved all the key guiding documents and policies and affirms each key governance role. The Company adheres to appropriate standards of corporate governance through awareness of business ethics under the supervision of its Board of Directors. These standards take into account the governance structure of the Board.

The Company provides investment management services. In 2015, the Company entered into an investment management agreement with India Multi-Avenues Fund Limited, a fund incorporated in Mauritius on 22 May 2015.

ROLE OF THE BOARD

The Board of directors operates a framework designed to ensure that high standards of corporate governance are applied at all times. The Board members possess relevant qualifications and experience, and have sufficient knowledge of the financial sector in general. Every director has drawn from his/her professional background and expertise in positively contributing to the Board's activities. The Board exercises its duties to act in good faith and in the best interest of the Company in line with the Mauritius Companies Act 2001 and other laws and regulations. Additionally, the Board has adopted a Code of Business Conduct.

KEY GOVERNANCE RESPONSIBILITIES

The Board acknowledges that it should lead and control the organisation and be collectively responsible for its long-term success, reputation and governance. In so doing, the Board assumes responsibility for meeting all regulatory and legal requirements as follows:

i) Determine, agree and develop the Company's general policy on corporate governance in accordance with the applicable Code of Corporate Governance;

ii) Advise and make recommendations to the Board on all aspects of corporate governance and new Board appointment(s);

iii) Prepare the annual Corporate Governance Report; and

iv) Review the terms and conditions of all service agreements between the Company and service providers.

CHAIRMAN OF THE BOARD

The Company has two Mauritian resident directors and any one of them can chair Board meetings from Mauritius. Hence, this is why the Company has not designated any specific Chairman.

All Board meetings are chaired in Mauritius, and the Chairman of the Board meetings provides leadership and guidance to fellow Board members while ensuring that the Board is, in collective terms, effective in its role as the Company's main decision-making organ. The Chairman promotes a culture of engagement with each director by encouraging a proactive participation in Board meeting discussions and decision-making process. The Chairman also monitors the discussion time which is allocated to each agenda item at Board meetings, depending on their relative complexity, and engages into a constructive dialogue with the investors and other stakeholders on behalf of the Board where necessary.

The key responsibilities of the Chairman of the Board can be summarised as follows:

i. To provide leadership to the Board to ensure it functions effectively;

ii. To develop and set the agendas for meetings of the Board;

iii. To coordinate with the Company Secretary to ensure that the Board receives the appropriate quantity and quality of information in a timely manner to enable it to make informed decisions;

iv. To chair all meetings of the Board and ensure that meetings are conducted efficiently and effectively;

v. To ensure that the directors are properly informed and that sufficient information is provided to enable the directors to form appropriate judgements;

vi. To ensure that all directors exercise their skills, knowledge and expertise on key Board matters and assist the Board in achieving a consensus;

vii. To develop teamwork and a cohesive Board culture and facilitate formal and informal communication with and among directors; and

viii. To help ensure that action items established by the Board are worked on with the assistance of the Company Secretary and appropriate follow-up actions are taken as and when necessary.

The Board has appointed IQ EQ Fund Services (Mauritius) Ltd to provide Administrative, Secretarial and Accounting Services, through its officers.

Due to the nature of activities, size and complexity level of the Company, it does not have any website.

PRINCIPLE 2: THE STRUCTURE OF THE BOARD AND ITS COMMITTEE

Due to the nature of the activities of the Company, no sub-committees (Audit Committee, Corporate Governance Committee, Board Risk Committee and Remuneration Committee and or Nomination Committee) have been set up. Besides, the Company has not adopted any specific charter. The Board of directors collectively considers the measures in respect of the Code of Corporate Governance issues and this is further strengthened by the presence of independent intermediaries like auditors as additional safeguards. The Board is a unitary Board and is composed of directors coming from different sectors. Every director has drawn from his professional background and expertise in positively contributing to the Board's activities. The Board considers that its current size and composition are appropriate for the type of activity in which the Company is engaged and for the effective discharge of the Board's responsibilities. The Board has considered the adoption of a Board charter in line with the recommendation of the Code which which took effect during the financial year ended 31 March 2020.

The Board assumes responsibility for leading and controlling the organisation, meeting all legal and regulatory requirements.

The Company does not have independent directors due to the nature and size of the Company. The Board currently comprises of 2 non-executive directors, who exercise independence of mind and judgement. It has appropriate balance of skills, experience, independence and knowledge of the Company which enables it to perform its respective duties and responsibilities effectively. The Board has also appointed IQEQ Fund Services (Mauritius) Ltd as its Company Secretary. The two directors are resident of Mauritius.

The main objects and functions of the Board are to:

- determine, agree and develop the Company's general policy on corporate governance in accordance with the applicable Code of Corporate Governance;
- advise and make recommendations to the Board on all aspects of corporate governance and new Board appointments as and when applicable;
- prepare the Corporate Governance Report; and
- review the terms and conditions of all service agreements between the Company and service providers.

The Board is satisfied that it has discharged its responsibilities for the year in respect of Corporate Governance. During the year under review, the Board met three times where both resident directors were present.

DIRECTORS	ATTENDANCE AT BOARD
Mrs. Savinilorna Payandi Pillay Ramen	3/3
Mr. Sevin Chendriah	3/3

Board meetings

The Board schedules meetings to:

1. Examine all statutory matters;
2. Approve the statutory financial statements and reviews important accounting issues;
3. Review the Company's performance and Investment update of the entities it manages;
4. Consider strategic matters for the Company;
5. Ensure compliance of the Company with the legislations; and
6. Take note of changes in the legislations which may affect the Company.

The Board is responsible for directing the affairs of the Company in the best interests of its shareholder, in conformity with legal and regulatory frameworks, and consistent with its constitution and best governance practices. Further to the above, all decision and policy making for the Company are taken by the directors by consensus.

The Board is aware of all other directorships held by the directors of the Company. Due to confidentiality reasons, the list of outside directorships of the directors has not been disclosed in the report, but is available upon request of the Financial Services Commission. The directors do not have any other relationship with the shareholder of the Company.

PRINCIPLE 3: DIRECTOR APPOINTMENT PROCEDURES

As per the Code, there should be a formal, rigorous and transparent process for the appointment, election, induction and re-election of directors. All new Board Members should be inducted by way of a formal induction programme which is overseen by the Board and the Company Secretary.

The Board has in place a formal, rigorous and transparent procedure for the appointment of the directors. It is recommended for the Board to also have an induction pack for the newly appointed directors. The Company Secretary will work with the Board on a formal induction programme which will be imparted to those new directors who will be appointed as Board members. All new Board Members should be inducted by way of a formal induction programme which is overseen by the Board and the Company Secretary. This will also ensure that any change of directorship is effected in a more progressive, planned and non-disruptive manner.

The Company Secretary holds on records all due diligence documents on its directors to ensure that they have requisite skills and expertise required to act as directors. Before appointment, the due diligence douments of the proposed director is duly verified by the Company Secretary and the Board to ensure that the newly appointed director has the requisite skills and expertise required to act as director. The Board members of the Company possess relevant qualification and experience, and sufficient knowledge of the financial sector in general and the global business in particular.

The Board is aware of the requirement of holding Continuous Development Programmes. Ongoing professional development of directors is catered through seminars attendance and CPD programmes from relevant professional bodies. Upon any change in directorship the Board assumes the responsibilities for succession planning as well as for the appointment of new directors. Before appointment of any director to fill in any casual vacancy, the Board reviews the profile of the to be appointed director, and ensures that the person has the requisite skills and expertise in order to maintain an appropriate balance of knowledge, skills and experience within the organisation. The Board affirms that a succession plan has been developed. Newly appointed directors, along with current directors, are also provided with day to day operational updates pertaining to the Company by the Administrator and Company Secretary, IQEQ Fund Services (Mauritius) Ltd, acting for and on behalf of the Company, along with all necessary information with respect to the Company. On completion of the induction programme, the newly appointed Director should have sufficient knowledge and understanding of the nature of the business, and the opportunities and challenges facing the Company, to enable them to effectively contribute to strategic discussions and oversight of the Company and to ensure a smooth and progressive change in directorship, in case of a casual vacancy.

The current directors submit themselves to re-election by the shareholder at the Company's annual meetings.

THE DIRECTORS PROFILE

Savinilorna Payandi-Pillay-Ramen

Savinilorna Payandi-Pillay-Ramen holds a Masters Degree in Business Administration ("MBA") and a Bachelor Degree in Psychology. After completing her studies in the USA, she joined the IQ EQ Group in 2003. Lorna has a wide experience in the Corporate Secretarial field and has been involved in the setting up and administration of Global Business entities. She is currently a Client Director in the Corporate Services Team of IQ EQ Mauritius and has now several teams under her supervision, handling a portfolio of clients consisting of high net worth individuals, institutional investors and multinationals.

Sevin Chendriah

Sevin Chendriah holds a Bsc (Hons) in Management with Finance from the University of Mauritius. He joined IQ EQ Group in 2007 and has gained wide experience in corporate secretarial, administration, compliance and legal field. He has also been broadly involved in the structuring, setting-up, taxation and administration of Global Business entities promoted by a wide portfolio of clients, including large multi-national Companies and high net-worth individuals.

PRINCIPLE 4: DIRECTORS' DUTIES, REMUNERATION AND PERFORMANCE

The directors are aware of their legal duties as required under the Mauritius Companies Act 2001 and other laws and regulations and they use care, skill and diligence while exercising the same. The Board of directors oversees the way the Company operates and ensures that sound policies already agreed upon are followed.

The Company has adopted code of Business Conduct to which annual assessment is conducted by the Company Secretary. The Code encourages the Board to undertake a formal, regular and rigorous evaluation of its own performance and individual directors, and produce a development plan on an annual basis. The Board and the Company Secretary will plan an evaluation of the performance of the Board, individual directors and its policies and procedures.

The directors declare the nature of their interest, depending on the following circumstances:

(a) at the meeting of the directors at which the question of entering into the contract or arrangement is first taken into consideration;

(b) if the director is not at the date of the meeting interested in the proposed contract or arrangement, then at the next meeting held after he becomes interested; or

(c) in a case where the Director becomes interested in a contract or arrangement after it is made, then at the first meeting of the directors held after he becomes so interested.

Directors disclose promptly any direct and indirect interest in contracts or transactions with the Company. A register of interests is maintained by the Company Secretary and all conflicts-of-interest and related-party transactions are conducted in accordance with the Constitution. The interests register is available to the shareholder of the Company upon request from the Company Secretary.

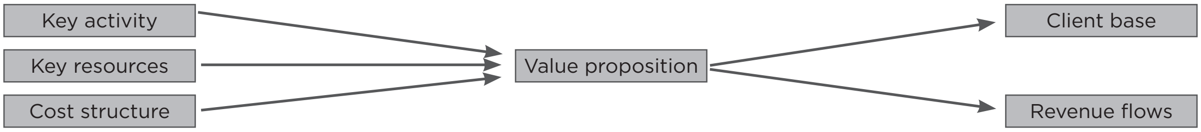
Due to the nature of the business activity and size of the Company, there is no significant expenditures on information technology. The Company has appointed IQ EQ Fund Services (Mauritius) Ltd as its Administrator and Company Secretary, which provides for the IT infrastructure. The Company Secretary of the Company ensures that performance of information and information technology systems lead to business benefits and create value. The Company Secretary has effective IT policies and strategy in place.

The Company Secretary ensures that the correct information flows within the Board and provides accurate, timely and clear information to the Board as and when required. The directors ensure strict confidentiality with respect to information obtained while exercising their duties. There is no restriction over access to information. It is noted that IQ EQ Fund Services (Mauritius) Ltd is ISO 27001 certified and therefore, the internal control process, business continuity program and information security policy in place at IQ EQ also applies to the Company.

Mr. Sevin Chendriah and Mrs. Savinilorna Payandi-Pillay-Ramen are officers of the Administrator, IQEQ Fund Services (Mauritius) Ltd and are the resident directors of the Company. The Administrator is entitled to a director fee of USD 8,000 per annum for directorship services as per existing service agreement in place.

No other remuneration has been paid to the directors in form of share options or bonuses or bonuses associated with organisational performance. Further to the above and pursuant to existing service agreements in place, the Board is satisfied that no remuneration committee need to be set up to guide on remuneration process for the Company due to its size and nature of business activity.

PRINCIPLE 5: RISK GOVERNANCE AND INTERNAL CONTROL
Business model



The Company uses the below business model design to build unique approaches to creating value:

The Company evaluates and agrees the nature and extent of the risks that it is willing to pursue to achieve strategic objectives based on the approved risk appetite and tolerance levels.

Material issues, risks and opportunities, which could impact positively or negatively on the Company's ability to create and sustain value, are considered by the Board. These material issues, where applicable, are reviewed annually by the Board and management, where relevant internal, industry and macroeconomic factors are evaluated.

The oversight of risk management and internal control activities, either at the level of the Company or its service providers, is currently delegated to the Board of directors which regularly reviews the effectiveness of the internal control and risk management systems of the Company. Additionally, with the direction of the Board, management has developed and implemented appropriate framework and effective processes for sound management of risk. Considering the size and nature of its business activities (providing advisory services) we do not have a whistle blowing policy in place. Instead, all the Company's affairs are addressed to the Board of directors of the Company.

Financial Risk
The financial risks of the Company are disclosed under Note 15 of the notes to the Financial Statements.

Taxation Risk
This comprise the risk of existing tax laws being changed, new tax laws being introduced, changes in the interpretation of existing laws. Ongoing tax advice is obtained from appropriate tax experts as and when required.

Regulatory Risk
This comprise of the risk of not complying with regulatory requirements, the risk of regulations being changed or new regulations being introduced in some way affecting the viability of the Company's investments. Advice is obtained from appropriate experts in respect of the jurisdiction in which the Company is incorporated or has invested, as and when required.

Economic Environment Risk
The risk that the environment in which an asset operates significantly changes. Market intelligence is constantly obtained and considered by the Board of the Company.

Operational Risk
The Company has adopted an Internal Control Procedure Manual and Code of Ethics (the "Manual") as required under Sections 40 and 41 of The Securities (Collective Investment Schemes and Closed-end Funds) Regulations 2008. The Board is ultimately responsible for the Company's system of internal control as well as implementation, maintenance and monitoring of the internal control in place. The Board confirms that it will continue to identify, evaluate and manage the various risks faced by the Company. The Board affirms that it regularly monitors and evaluates compliance with its code of ethics. The day-to-day operations are undertaken by IQ EQ Fund Services (Mauritius) Ltd, being the Management Company and Company Secretary which has sound system and controls in place and is also ISAE 3402 Type II certified.

The Company follows the internal procedure in place at IQ EQ Fund Services (Mauritius) Ltd and as per the Manual. The Board reviews these arrangements periodically. The Company abides by the internal control procedures of IQ EQ Fund Services (Mauritius) Ltd.

Compliance Risk
Further to the above, the Administrator prepares annual compliance reports to highlight any potential risks related to the business. Quarterly management accounts are also prepared to ensure sound financial operations. The compliance reports and management accounts are presented to the Board at regular intervals, for the Board to take note and to assess any potential risk and subsequently to devise appropriate measures to mitigate the risks. The Board confirms that there is an ongoing process for identifying, evaluating and managing the various risks faced by the Company. Further, risks and uncertainties are managed at the level of the Board of directors of the Company.

The Board of directors is responsible for the day to day management as well as the Company's strategic, financial, operational and compliance risk matters. Further, the Board has developed and implemented appropriate framework and effective process for the sound management of risk. There are no significant areas which are not covered by the system of internal control. During the year under review there were no risks or deficiencies in the Company's system of internal controls.

Strategic Risk

The Board of directors meet regularly to assess and discuss on the Company's performance and to identify its strategic risk. Appropriate decisions are then taken at the Board meetings to mitigate those risks.

Liquidity & Solvency Risk

The Company maintains and manages liquidity risk through active monitoring of operating cash flows and availability of funding. The shareolder of the Company has provided its commitment to continue providing financial support to the Company to enable it to meet its liabiliites and obligations as and when they fall due. At the year end, the Company was not in compliance with the CIS Regulations which require the Company to maintain at all times an unimpaired stated capital of at least MUR 1 Million. However, the shareholder of the Company has injected additional capital and approval received from the FSC on 30 March 2021 into the Company to restore the position of the Company and enable it to meet its liabiliites and obligations.

PRINCIPLE 6: REPORTING WITH INTEGRITY

The directors are responsible for the preparation and fair presentation of the financial statements, comprising the Company's statement of financial position, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards ("IFRS") and the Mauritius Companies Act 2001.

The directors' responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. Notice of Annual Meeting is sent to shareholder in a timely manner, along with the minutes of Annual Meetings for review and comments, in accordance with the Mauritius Companies Act 2001. The directors make an assessment of the Company's ability to continue as a going concern and same is disclosed in the financial statements every year.

Due to the nature of its activities, the Company has:

(i) no adverse impact on environment;

(ii) no impact on health and safety issues;

(iii) has no adverse impact on social issues; and

(iv) no corporate social responsibility in place

Additionally, the Company has not made any donations during the current or in previous year.

The Board also does not deem necessary to have a dedicated website for the Company.

PRINCIPLE 7: AUDIT

The directors are responsible for the preparation and fair preparation of the financial statements in accordance with all the requirements of the Mauritius Companies Act and International Financial Reporting Standards and for such internal controls as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

There has been a change in auditors of the Company whereby Barnes Associates was appointed as auditors in replacement of Ernst and Young. The auditors have in built processes to observe the highest standards of business and professional ethics. Due to the nature of the activities of the Company, no Audit Committee has been set up. The Board of directors collectively consider the measures in respect of the Code of Corporate Governance. The directors discuss the accounting principles adopted by the Company with the external auditors. The external auditors are responsible for reporting on whether the financial statements are fairly presented.

Barnes Associates was appointed as the statutory auditors for the financial year ended 31 March 2021 by way of Written Resolution on Directors passed on 12 April 2021. Assessment of external auditors encompasses an assessment of the qualifications and performance of the auditors, the quality and integrity of the auditors' communication to the Board and the auditors' independence, objectivity and professional skepticism. The responsibility of monitoring the internal control systems in place has been kept at the Board level. Given the size and complexity of the Company, no internal audit function and audit committee has been established.

PRINCIPLE 8: RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS

The holding company is IDFC Asset Management Company Limited, incorporated and domiciled in India. The Company Secretary sends out notice to the shareholder for Annual Meeting, for the adoption of audited financial statements and to deal with other business. Given that the Company is wholly owned by IDFC Asset Management Company Limited, the Board has requested the Company Secretary to circulate a written resolution in lieu of holding the annual meeting to adopt the financial statements of the Company. Any queries raised by the shareholder are attended to by the Company Secretary and directors at the meeting or as and when applicable. However, the Company encourages the shareholder to attend any extra-ordinary meeting or any annual meeting in the event this is being convened.

Key stakeholders who influence the Company's ability to create sustainable value include clients to which the Company provides Investment Management services, third party service providers, industry regulators and providers of capital, where applicable. Stakeholder risks are assessed in the course of performing the Company's risk assessments and, where specific risks are identified, mitigation measures are prepared or implemented.

The Company provides relevant information to its stakeholders while having regard to legal and strategic considerations. The degree of corporate transparency and communication is considered with reference to the company stakeholder policies, relevant legal requirements and the maintenance of the Company's competitive advantage. The stakeholder engagement process, which list the identified stakeholders, the aim of the identification, approach in respect of the engagement, key issues and responses to them, is disclosed to the Board, as and when applicable.

The Board is confident that all the principles listed above have been applied under The National Code of Corporate Governance of Mauritius (2016) (the "Code") and all terms used are coherent to the criteria stipulated in the Code. The shareholder of the Company is provided with all relevant information and documentation prior to the Annual Meeting.

STATEMENT OF COMPLIANCE

Name of Company: IDFC Investment Managers (Mauritius) Ltd (the "Company")

Reporting Period: 01 April 2020 to 31 March 2021.

We, the directors of the Company, confirm to the best of our knowledge, that the Company has complied with all of its obligations and requirements under the National Code of Corporate Governance:

Mr. Sevin Chendriah
Date: 26 April 2021

Mrs. Savinilorna Payandi Pillay Ramen

COMMENTARY OF DIRECTORS

The directors are pleased to present their commentary, together with the audited financial statements of **IDFC Investment Managers (Mauritius) Ltd.** for the year ended 31 March 2021.

STATUS AND PRINCIPAL ACTIVITY

IDFC Investment Managers (Mauritius) Ltd. (the "Company") was incorporated on 13 September 2010 in Mauritius and obtained its Category 1 Global Business Licence on 14 September 2010.

The principal activity of the Company is to provide investment management services. The Company has entered into an investment management agreement with India Multi-Avenues Fund Limited (the "Fund"), a fund incorporated in Mauritius on 22 May 2015. The Fund has not yet started its operations as at 31 March 2021.

RESULTS

The Company's loss for the year under review is **USD 61,755** (2020: loss of USD 92,083).

The directors did not recommend the payment of a dividend for the year under review.

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS

The Company's directors are responsible for the preparation and fair presentation of the financial statements, comprising the Company's statement of financial position at 31 March 2021, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, and the notes to the audited financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act 2001.

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and applying appropriate accounting policies; and making account estimates that are reasonable in the circumstances.

The directors have made an assessment of the Company's ability to continue as a going concern (refer to note 5) and have no reason to believe the business will not be a going concern in the year ahead. The Company has enough funds to meet its liabilities and those of the Fund in the coming year. Moreover, the holding company will provide financial support to the Company in order to meet any financial obligations, as confirmed through a letter of guarantee.

AUDITOR

There has been a change of auditor from Ernst & Young to Barnes Associates during the financial year 2021.

SECRETARY'S CERTIFICATE UNDER SECTION 166 (D) OF THE MAURITIUS COMPANIES ACT 2001

We, IQ EQ Fund Services (Mauritius) Ltd, certify, to the best of our knowledge and belief, that we have filed with the Registrar of Companies all such returns as are required for **IDFC Investment Managers (Mauritius) Ltd.** under the Companies Act 2001 for the financial year ended 31 March 2021.

For and on behalf of

IQ EQ Fund Services (Mauritius) Ltd
Company Secretary

Date: 26 April 2021

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDER OF IDFC INVESTMENT MANAGERS (MAURITIUS) LTD.

Report on the Audit of the Financial Statements

We have audited the financial statements of IDFC Investment Managers (Mauritius) Ltd. ("the Company") on pages 17 to 31, which comprise the statement of financial position as at 31 March 2021, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 March 2021, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes.

Opinion

In our opinion:

(a) the financial statements on pages 17 to 31:

(i) have been prepared in accordance with and comply with International Financial Reporting Standards ("IFRS");

(ii) give a true and fair view of the matters to which they relate;

(iii) present fairly the financial position of the Company at 31 March 2021 and its financial performance, changes in equity and cash flows for the year ended on that date; and

(iv) comply with the Mauritian Companies Act 2001.

(b) proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

Comparative figures

We draw your attention to the fact that we were appointed as auditors of the Company for the first time for the year ended 31 March 2021 and as a result we cannot and do not express an opinion on the comparative figures for the year ended 31 March 2020. The financial statements for the year ended 31 March 2020 were audited by another auditor who expressed an unqualified opinion on these financial statements on 29 May 2020.

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

Directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and that comply with the Mauritius Companies Act 2001, and for such internal control as directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This opinion has been prepared for and only for the Company's shareholder in accordance with section 205 of the Mauritius Companies Act 2001 and for no other purposes. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

Other information

Directors are responsible for the other information. The other information comprises the commentary of directors, secretary's certificate, statement of compliance and corporate governance report.

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

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

We have nothing to report in this regard.

Report on Other Legal and Regulatory Requirements

Companies Act 2001

We have no relationship with or interest in the Company other than in our capacity as auditor.

We have obtained all the information and explanations we have required.

Corporate Governance Report

Our responsibility under the Financial Reporting Act 2004 is to report on the compliance with the Code of Corporate Governance ("Code") disclosed in the financial statements and assess the explanations given for non-compliance with any requirement of the Code. From our assessment of the disclosures made on corporate governance in the financial statements, the Fund has pursuant to Section 75 of the Financial Reporting Act 2004, complied with the requirements of the Code.

Barnes Associates

BALKRISHNA MUNGRA ACA, FCCA — Dated: 26 April 2021
Licensed by FRC

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2021

	NOTES	2021 USD	2020 USD
ASSETS			
Current assets			
Prepayments	7	1,319	1,319
Cash and cash equivalents	8	117,354	35,629
TOTAL ASSETS		118,673	36,948
EQUITY AND LIABILITIES			
Equity and reserves			
Stated capital	9	557,290	507,290
Share application monies	10	100,000	-
Accumulated losses		(544,837)	(483,082)
TOTAL EQUITY		112,453	24,208
Current liabilities			
Other payables	11	6,220	12,740
TOTAL EQUITY AND LIABILITIES		118,673	36,948

These audited financial statements have been approved and authorised for issue by the board of directors on 26 April 2021 and signed on its behalf by:

NAME OF DIRECTORS

Mrs. Savinilorna Payandi Pillay Ramen **Mr. Sevin Chendriah**

The notes on pages 21 to 31 form an integral part of these audited financial statements.

Independent Auditor's report on pages 14 to 16.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2021

	NOTES	2021 USD	2020 USD
EXPENSES			
Fees paid on behalf of India Multi-Avenues Fund Limited		34,000	51,250
Receivable from India Multi-Avenues Fund Limited		(34,000)	(51,250)
Professional fees		11,000	11,000
Audit fees		2,450	8,740
Administration fees		6,230	7,405
Licence and annual registration fees		4,725	4,619
Insurance cover		-	5,719
Disbursement		1,150	1,155
Bank charges		2,200	1,995
TRC renewal fees		-	200
Allowance for credit losses	6	34,000	51,250
TOTAL EXPENSES		61,755	92,083
Operating loss for the year		(61,755)	(92,083)
Income tax expense	12	-	-
Loss for the year		(61,755)	(92,083)
Other comprehensive income		-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX		(61,755)	(92,083)

The notes on pages 21 to 31 form an integral part of these audited financial statements.

Independent Auditor’s report on pages 14 to 16

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED31 MARCH 2021

	Stated capital	Share application monies	Accumulated losses	Total
	USD	USD	USD	USD
At 01 April 2019	407,290	-	(390,999)	16,291
Transactions with the owner:				
Issue of shares	100,000	-	-	100,000
Loss for the year	-	-	(92,083)	(93,083)
Other comprehensive income for the year	-	-	-	-
Total comprehensive loss for the year	-	-	(92,083)	(93,083)
At 31 March 2020	507,290	-	(483,082)	24,208
Transactions with the owner:				
Issue of shares	50,000	-	-	50,000
Contribution received	-	100,000	-	100,000
	50,000	100,000	-	150,000
Loss for the year	-	-	(61,755)	(61,755)
Other comprehensive income for the year	-	-	-	-
Total comprehensive loss for the year	-	-	(61,755)	(61,755
At 31 March 2021	557,290	100,000	(544,837)	112,453

The notes on pages 21 to 31 form an integral part of these audited financial statements.

Independent Auditor’s report on pages 14 to 16

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED31 MARCH 2021

	NOTE	2021 USD	2020 USD
OPERATING ACTIVITIES			
Loss before tax		(61,755)	(92,083)
Adjustments to reconcile loss before tax to net cash flows:			
Allowance for credit losses	6	34,000	51,250
		(27,755)	(40,833)
Working capital adjustments:			
Cash flow from operating activities			
Net change in other receivables and prepayments		(34,000)	(51,356)
Net change in other payables		(6,520)	270
Net cash flows used in operating activities		(68,275)	(91,919)
Cash flow from financing activities:			
Issue of shares	9	50,000	100,000
Share application monies	10	100,000	-
Net cash flows from financing activities		150,000	100,000
Net change in cash and cash equivalents		81,725	8,081
Cash and cash equivalents at 01 April		35,629	27,548
CASH AND CASH EQUIVALENTS AT 31 MARCH	8	117,354	35,629

The notes on pages 21 to 31 form an integral part of these audited financial statements.

Independent Auditor’s report on pages 14 to 16

1. CORPORATE INFORMATION

IDFC Investment Managers (Mauritius) Ltd. (the "Company") is a private company limited by shares, incorporated in the Republic of Mauritius on 13 September 2010, with registered address at C/o IQ EQ Fund Services (Mauritius) Ltd, 33, Edith Cavell Street, Port Louis, 11324, Mauritius. The Company holds a Global Business Licence and is regulated by the Financial Services Commission ("FSC") and is licensed by the Financial Services Commission to operate as a CIS Manager as well.

The principal activity of the Company is to provide investment management services.

The Company provides investment management services to India Multi-Avenues Fund Limited (the "Fund"), which was incorporated in Mauritius on 22 May 2015. The Fund had not started its operations as at 31 March 2021.

2. BASIS OF PREPARATION

The financial statements of the Company are prepared under the historical cost convention.

2.1 STATEMENT OF COMPLIANCE

The financial statements are prepared in accordance with and comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these audited financial statements are set out below.

Foreign currency transactions

Functional and presentation currency

The Company's functional currency is the United States Dollar ("USD"), which is the currency of the primary economic environment in which it operates. The Company's performance is evaluated and its liquidity is managed in USD. Therefore, USD is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The Company's presentation currency is also in USD.

Transactions and balances

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions. Monetary assets and liabilities are translated at the spot rate of exchange ruling at the reporting date. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition gain or loss on change in fair value of the item (i.e. translation differences are recognised in other comprehensive income or profit or loss).

Financial instruments

(i) Financial assets - Initial recognition and measurement

On initial recognition, financial assets are classified as measured at amortised cost, fair value through profit or loss ("FVTPL") and fair value through other comprehensive income (''OCI'').

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI").

The Company has determined that its business model is hold-to-collect cash flows. This includes cash and cash equivalents.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition unless the Company was to change its business model for managing financial assets, in which case all affected financial assets would be reclassified on the first day of the first reporting period following the change in the business model.

(ii) Financial assets - Subsequent measurement

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method, and are subject to impairment. Impairment is recognised in ''allowance for credit losses'' in the statement of profit or loss and other comprehensive income. Any gain or loss on derecognition is also recognised in profit or loss.

(iii) Financial liabilities – initial recognition and measurement

Financial liabilities are classified as financial liabilities at fair value through profit or loss or as financial liabilities at amortised cost as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of financial liabilities at amortised cost, net of directly attributable transaction costs.

The Company's financial liabilities include other payables.

(iv) Financial liabilities – subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at amortised cost

After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in statement of profit or loss and other comprehensive income when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are integral part of the EIR. The EIR amortisation is included in profit or loss.

(v) Financial assets – Impairment

The Company recognises loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Financial assets that are determined to have low credit risk at the reporting date; and
- Other financial assets and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the asset) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and credit assessment of the borrower.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any held) or the financial asset is more than 90 days past due. Lifetime ECL are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. Impairment losses including reversals of impairment losses or gains are disclosed separately in the statement of profit or loss and other comprehensive income.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

(vi) Derecognition

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized where:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and
- Either (a) the Company has transferred substantially all the risks and rewards of the asset, or
- (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset.

Financial liabilities

The Company derecognises a financial liability when the obligation under the liability is discharged, cancelled or has expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability is substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity

(vii) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to offset the amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Expenses

Expenses are accounted for on an accrual basis.

Stated capital

Ordinary shares are classified as equity.

Share application monies

Share application monies represent advances received from the holding company which have not yet been converted into stated capital at the end of the reporting date.

Taxation

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Deferred taxation

Deferred tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred tax.

The principal temporary differences arise from provisions for bad debts/allowance for credit losses and unrealised exchange differences. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Provisions

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event and is probable that an outflow of economic benefit will be required to settle the obligation.

4. CHANGES IN ACCOUNTING POLICIES

(i) Standards and interpretations adopted in current year

The Company applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 01 April 2020. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the financial statements of the Company as it does not have any interest rate hedge relationships.

Amendments to IAS 1 and IAS 8 Definition of Material

The amendments provide a new definition of material that states, "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the financial statements of the Company.

Conceptual Framework for Financial Reporting issued on 29 March 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the financial statements of the Company.

(ii) Standards and interpretations not yet effective

At the date of authorisation of these financial statements, the following relevant standards were in issue but effective on annual periods beginning on or after the respective dates as indicated:

Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (effective for the annual periods beginning on or after 1 January 2021)

Reference to the Conceptual Framework – Amendments to IFRS 3 (effective for annual periods beginning on or after 1 January 2022)

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16 (effective for annual periods beginning on or after 1 January 2022)

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37 (effective for annual periods beginning on or after 1 January 2022)

AIP IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter (effective for annual periods beginning on or after 1 January 2022)

AIP IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities (effective for annual periods beginning on or after 1 January 2022)

AIP IAS 41 Agriculture – Taxation in fair value measurements (effective for annual periods beginning on or after 1 January 2022)

IFRS 17 Insurance Contracts (effective for annual periods beginning on or after 1 January 2023)

Classification of Liabilities as Current or Non-current - Amendments to IAS 1 (effective for annual periods beginning on or after 1 January 2023)

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28 (to be announced)

Where relevant, the Company is still evaluating the effect of these Standards, Amendments to published Standards and Interpretations issued but not yet effective, on the presentation of its financial statements. The Company is not expecting any impact from the above standards.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's audited financial statements requires management to make judgements, estimates and assumptions that affect the amounts recognised in the financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future.

Judgements

Going concern

The Company is contracted to provide Investment Management Services to IMAF which has been incorporated since 22 May 2015 but has not yet started its activities. As a result, the Company incurred losses for the year ended 31 March 2021 of **USD 62,180** (2020: USD 92,083).

The holding company shall provide with funding and/or other support that will be needed to make it possible for the Company to meet its financial obligations which has been confirmed through a letter of support. Therefore, the financial statements have been prepared on the going concern assumption.

Determination of functional currency

The determination of the functional currency of the Company is important since recording of transactions and exchange differences arising there from are dependent on the functional currency selected. As described in note 3, the directors have considered those factors described therein and have determined that the functional currency of the Company in the USD.

Estimates

Allowance for credit losses

The amount receivable from India Multi-Avenues Fund Limited has been considered as credit impaired due to the fact that the Fund has not started its operations.

6. OTHER RECEIVABLES

	2021	2020
	USD	USD
At 1 April	-	-
Expenses paid on behalf of India Multi Avenues Fund Limited (note 13 (a))	34,000	51,250
ECL allowance	(34,000)	(51,250)
At 31 March	-	-

7. PREPAYMENTS

	2021	2020
	USD	USD
Activity licence fees	-	625
Financial Services Commission licence fees	1,113	488
Annual registration fees	206	206
	1,319	1,319

8. CASH AND CASH EQUIVALENTS

	2021	2020
	USD	USD
Cash at bank	117,354	35,629

9. STATED CAPITAL

	No. of shares		2021	2020
	2021	2020	USD	USD
At 1 April	507,290	407,290	507,290	407,290
Issue of shares	50,000	100,000	50,000	100,000
At 31 March	557,290	507,290	557,290	507,290

During the year ended 31 March 2021, the 50,000 Ordinary shares (2020: 100,000 Ordinary shares) were issued at a nominal value of USD 1 each with voting rights.

10. SHARE APPLICATION MONIES

	2021	2020
	USD	USD
At 1 April	-	-
Contribution received during the year	100,000	-
At 31 March	100,000	-

The share application monies were fully converted into shares after the reporting date.

11. PAYABLES

	2021	2020
	USD	USD
Audit fees	2,220	8,740
Director fees	2,000	2,000
Administration fees	1,250	1,250
MLRO fees	750	750
	6,220	12,740

12. MANAGEMENT AND ADVISORY FEES

(i) Management fees

The Company has entered into an investment management agreement with India Multi-Avenues Fund Limited (previously known as IDFC India Focus Fund Limited), a fund incorporated in Mauritius on 22 May 2015. During the year under review, the Fund has not yet started its trading activities and as such no management fees have been paid.

(ii) Advisory fees

India Multi-Avenues Fund Limited, has not yet started its trading activities and as such no advisory fees have been paid during the year under review.

13. TAXATION

The Company, being the holder of a Category 1, Global Business Licence, is liable to income tax in Mauritius on its taxable profit arising from its world-wide income at the rate of 15%. The Company's foreign sourced income is eligible for a foreign tax credit which is computed as the lower of the Mauritian tax and the foreign tax on the respective foreign sourced income. The foreign tax for a GBL1 company is based on either the foreign tax charged by the foreign country or a presumed amount of foreign tax: the presumed amount of foreign tax is based on 80% of the Mauritian tax on the relevant foreign sourced income.

Capital gains are outside the scope of the Mauritian tax net while trading profits made by the Company from the sale of shares are exempt from tax. At 31 March 2021, the Company had accumulated tax losses of **USD 173,610** (2020: USD 176,642).

A numerical reconciliation between accounting loss and tax charge is shown below:

(a) Statement of profit or loss and other comprehensive income:

	2021	2020
	USD	USD
Loss for the year	(61,755)	(92,083)
Add: Non allowable expenses	34,000	51,250
Tax loss	(27,755)	(40,833)
Losses brought forward	(176,642)	(167,183)
Tax loss lapsed	30,787	31,374
Losses carried forward	(173,610)	(176,642)

The tax losses are available for set off against future taxable profit of the Company as follows:

Tax loss at:	Carried forward up to:	**USD**
31 March 2017	31 March 2022	(32,623)
31 March 2018	31 March 2023	(31,797)
31 March 2019	31 March 2024	(40,602)
31 March 2020	31 March 2025	(40,833)
31 March 2021	31 March 2026	(27,755)
Total		(173,610)

Regulatory

The Financial Services Commission ("FSC") issued a Category 1 Global Business Licence ("GBL1") to the Company on 14 September 2010. Further to the changes made by the Finance (Miscellaneous Provisions) Act 2018 ("FMPA 2018") to the Financial Services Act ("FSA"), the FSC is no longer empowered to issue any GBL1 as from 01 January 2019. Instead, the FSC may issue a Global Business Licence ("GBL") if the Company satisfies certain conditions. The Company will be deemed to hold a GBL as from 1 July 2021 under section 96A(1)(b) of the FSA.

Tax

As from 01 July 2021, the Company will not be allowed to compute its foreign tax according to a presumed amount of 80% of the Mauritian tax of the relevant foreign sourced income. Furthermore, transactions with GBL corporations and non-residents will not necessarily be considered to be foreign sourced income. Effective as from 01 January 2019, the Company may apply a partial exemption on its foreign dividend income, interest income and profits from foreign permanent establishments: the partial exemption is computed at 80% of the relevant foreign sourced income. The partial exemption is not mandatory: the Company may apply the credit system if it so wishes.

14. RELATED PARTY DISCLOSURES

The Company had the following related party transactions during the year.

	Name of related company	Relationship	Nature of transactions	2021	2020
				USD	USD
(a)	India Multi-Avenues Fund Limited	Investment Manager	Expenses paid on behalf IMAFL		
	At beginning of year			-	-
	Additions during the year			34,000	51,250
				34,000	51,250
	Allowance for credit losses			(34,000)	(51,250)
	At 31 March			-	-

The loan receivable was interest free and receivable on demand. During the year, the directors have made an assessment on the recoverability of the loan. They have considered this loan as non – performing (stage 3) as it is more than 90 days due and hence the full amount has been impaired. The full impairment is due to the Fund not having started its activities yet.

	Name of related company	Relationship	Nature of transactions	2021	2020
				USD	USD
(b)	IQ EQ Fund Services (Mauritius) Ltd	Administrator	Professional fees		
	Transactions during the year			17,230	24,150
	Balance at 31 March			(4,000)	(4,000)

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Fair values

The carrying amounts of cash at bank and other payables approximate their fair values.

Financial risk factors

The Company's activities expose it to a variety of financial risks such as market risk, credit risk, interest rate risk, foreign exchange risk, price risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk

The Company's financial assets are non-interest bearing. As a result, the Company is not subject to any interest rate risk.

Foreign exchange risk

The Company has no exposure to currency risk as all its financial assets and liabilities are in USD.

Credit risk

The Company takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Financial assets which potentially subject to the Company to concentrations of credit risk consist principally of bank balances and amount receivable from India Multi Avenues Fund Limited ("IMAFL"). Cash at bank are held in reputable financial institutions. Accordingly, the Company has no significant concentration of credit risk in respect of cash at bank. For amount receivable from India Multi-Avenues Fund Limited, it has been written off. The maximum exposure to credit risk assisting from default of the counterpart, with a maximum exposure equal to the carrying amount of these instruments.

The maximum exposure to credit risk at the reporting date was:

	2021	2020
	USD	USD
Cash at bank	117,354	35,629

Liquidity risk

The Company maintains and manages liquidity risk through active monitoring of operating cash flows and availability of funding. At the reporting date, the directors did not consider there to be any significant liquidity risk. Residual and discounted contractual maturities of financial liabilities are presented below:

2021	On demand	Total
	USD	USD
Other payables	6,220	6,220

2020	On demand	Total
	USD	USD
Other payables	12,740	12,740

16. CAPITAL RISK MANAGEMENT

As per Regulation 38 of the Securities (Collective Investment Schemes and Closed-End Funds) Regulations 2008, a CIS Manager holding a licence issued by the Financial Services Commission is required to maintain a minimum stated unimpaired capital of at least Mauritian Rupees 1 million or the equivalent amount.

As at 31 March 2021, the Company's minimum stated unimpaired capital has been met.

17. IMMEDIATE AND ULTIMATE HOLDING COMPANY

The directors consider IDFC Asset Management Company Limited, a Company incorporated in India, as the immediate holding company and IDFC LIMITED as the ultimate holding company.

18. COMMITMENTS AND CONTINGENCIES

There are no commitments and contingencies (2020: Nil)

19. COVID-19

Amid the COVID-19 pandemic, considering international investors are applying due caution in making investments in emerging markets, the Company's current conversations with identified investors are on hold and are expected to resume once normalcy resumes and global markets stabilize. Given this situation, the launch of the Fund will be delayed and the holding company shall provide with funding and/or other support that will be needed to make it possible for the Company to meet its financial obligations which has been confirmed through a letter of guarantee.

20. EVENTS AFTER REPORTING DATE

There are no other events after the reporting date except those disclosed in Note 10, which require amendements or disclosure in the financial statements.

IDFC AMC TRUSTEE COMPANY LIMITED

CIN	U69990MH1999PLC123190
DIRECTORS	Dr. Jamini Bhagwati (Chairman) Mr. Pradeep Kumar Mr. Bipin Gemani (Up to June 10, 2021) Mr. Vishwavir Saran Das
AUDITORS	Price Waterhouse & Co. LLP Chartered Accountants
PRINCIPAL BANKER	IDFC FIRST Bank Limited
REGISTERED OFFICE	One World Center, 6th Floor, Jupiter Mills Compound, 841, Senapati Bapat Marg, Elphinstone Road (West) Mumbai 400 013 **Tel:** +91 22 6628 9999 **Fax:** + 91 22 2421 5052 **Website:** www.idfcmf.com **Email ID:** infoidfcmf@idfc.com

BOARD'S REPORT

TO THE MEMBERS

Your Directors have pleasure in presenting the Twentieth Annual Report of IDFC AMC Trustee Company Limited ("the Company" or "IDFC AMC Trustee") together with the audited financial statements for the financial year ended March 31, 2021.

FINANCIAL HIGHLIGHTS

PARTICULARS	FOR THE YEAR ENDED MARCH 31, 2021	(RS. IN LACS) FOR THE YEAR ENDED MARCH 31, 2020
Total Income	3007.56	3000.00
Less: total expenses	2082.33	2767.69
Profit before tax	925.23	232.31
Less: provision for tax	205.75	60.4
Profit after Tax	**719.48**	**171.91**
Other Comprehensive Income (net of tax)	(80.66)	-
Total Comprehensive income for the year	**638.82**	**171.91**

COMPANY'S AFFAIRS

Fiscal Year 20-21 was an unprecedented year in many respects. It started with high economic uncertainty and significant turmoil in financial markets as the pandemic took hold, and the country came to a halt due to a mandated lockdown. After the initial fear and uncertainty, a series of measures providing fiscal and monetary stimulus along with a reduction in the number of active infections and news of effective vaccines helped stabilize markets and led to a smart recovery in equity markets. However, the resurgence of the virus in Q4 has drastically muddled the outlook once again.

Despite the economic and health uncertainty through the year, IDFC Mutual Fund shaped up to be another year of steady growth, with FY21 average AUM growing 19.3% YoY as against the Mutual Funds Industry growing 8.6% during the year. With this, FY21 average market share of IDFC MF moved up to 4.0% from 3.7% in FY20.

During the year, IDFC MF expanded its product range by successfully launching the IDFC Floating Rate Fund as well as India's first Gilt Index funds, the IDFC Gilt 2027 Index Fund and IDFC Gilt 2028 Index Fund.

AMOUNT TO BE CARRIED FORWARD TO RESERVES

The details of amount transferred to reserves are given in note no. 7B of the Notes forming part of the financial statements.

DIVIDEND

The Board of Directors do not recommend any final dividend for FY21.

PARTICULARS OF EMPLOYEES

The Company had 1 employee as on March 31, 2021.

PUBLIC DEPOSITS

The Company has neither invited nor accepted any Public Deposits.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

There were no loans or guarantee or investments of the Company under the provisions of Section 186 of the Companies Act, 2013.

FOREIGN EXCHANGE EXPENDITURE AND EARNING

There were no foreign exchange earnings or expenditures during FY21.

PARTICULARS REGARDING CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

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

DIRECTORS

Mr. Bipin Gemani resigned as a Director on the Board w.e.f. June 10, 2021. The Board places on record its sincere appreciation for the commitment and contribution of Mr. Bipin Gemani during his tenure as a Director.

On May 25, 2021, Dr. Jaimini Bhagwati was appointed as an Independent Director of IDFC Limited (Sponsor of IDFC Mutual Fund). Pursuant to SEBI Mutual Funds Regulations, Dr. Jaimini Bhagwati was deemed to be Associate Director on the Board of IDFC AMC Trustee Company Limited.

The Board of Directors of the Company ratified the change in designation of Dr. Jaimini Bhagwati from Independent Director to Non-executive Director w.e.f. May 25, 2021 and recommended the same to the Members.

The Members are requested to consider the change in designation of Dr. Jaimini Bhagwati and approve the same at the ensuing AGM.

INDEPENDENT DIRECTORS

Pursuant to notification G.S.R. 804(E) dated October 22, 2019 issued by the Ministry of Corporate Affairs regarding introduction of the Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2019, all Independent Directors of the Company have registered with the Indian Institute of Corporate Affairs at Manesar to include their name in the data bank of independent directors. The Independent Directors of the Company are in process of completing / applying for exemption for, as the case may be, online proficiency self-assessment test.

The Board places on record its sincere appreciation with regards to integrity, expertise, experience and proficiency of all Independent Directors. Their contribution have immensely helped the Company to grow.

DECLARATION OF INDEPENDENCE

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

MEETINGS OF THE BOARD

During the year, Six Board meetings were held on April 30, 2020; June 10, 2020; July 31, 2020; October 30, 2020; December 11, 2020 and February 02, 2021. The gap between two consecutive meetings was within the limit of the period prescribed under the Companies Act, 2013. Your Company has complied with the provisions of Secretarial Standard 1 on Meetings of Board of Directors issued by the Institute of Company Secretaries of India.

Attendance details of Board of Directors for the Board Meetings held during FY21 are given below.

NAME OF THE DIRECTOR	DIN	POSITION	NO. OF MEETINGS HELD	NO. OF MEETINGS ATTENDED
Dr. Jaimini Bhagwati	07274047	Independent Director - Chairman	6	6
Mr. Pradeep Kumar	00116528	Independent Director	6	6
Mr. Vishwavir Saran Das	03627147	Independent Director	6	6
Mr. Bipin Gemani	07816126	Nominee Director	6	6

AUDIT AND RISK MANAGEMENT COMMITTEE

During the year, Four Audit and Risk Management Committee meetings were held on June 10, 2020; July 31, 2020; October 30, 2020 and February 02, 2021. The gap between two consecutive meetings was within the limit of the period prescribed under the Companies Act, 2013.

Attendance details of Directors for the Audit and Risk Management Committee Meetings held during FY21 are given below.

NAME OF THE DIRECTOR	DIN	POSITION	NO. OF MEETINGS HELD	NO. OF MEETINGS ATTENDED
Mr. Pradeep Kumar	00116528	Independent Director - Chairman	4	4
Dr. Jaimini Bhagwati	07274047	Independent Director	4	4
Mr. Vishwavir Saran Das	03627147	Independent Director	4	4
Mr. Bipin Gemani	07816126	Nominee Director	4	4

SEPARATE MEETING OF INDEPENDENT DIRECTORS

During the year, a separate meeting of Independent Directors was held on February 02, 2021. All Independent Directors attended the said meeting.

BOARD EVALUATION

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

STATUTORY AUDITORS

At the AGM held on July 25, 2017, the Members of the Company appointed Price Waterhouse & Co Chartered Accountants LLP (FRN 304026E/E300009) ("PWC") as the Statutory Auditors of the Company for a period of Five years from the 17th AGM of the Company till the conclusion of the 22nd AGM of the Company to be held for FY22. In accordance with the Companies Amendment Act, 2017, enforced on May 7, 2018, by the Ministry of Corporate Affairs, the appointment of the Statutory Auditors is not required to be ratified at every Annual General Meeting.

COST AUDIT

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

BOARD'S REPORT

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES UNDER SECTION 188 OF THE COMPANIES ACT, 2013

In all related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. IDFC Group has always been committed to good corporate governance practices, including matters relating to Related Party Transactions. The Company has in place a Policy on Related Party Transactions and the same is uploaded on the website of the Company.

The Audit and Risk Management Committee reviews the details of related party transactions entered into by the Company on quarterly basis.

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.

RISK MANAGEMENT

The Audit and Risk Management Committee of the Company reviewed the risk at every meeting held during the year. The Members of the Audit and Risk Management Committee ensure the measurement and control of risk factors and advice on the same to the Management of the Company.

MATERIAL CHANGES / COMMITMENTS

As per Section 134(3)(l) of Companies Act, 2013, there have been no reportable changes and commitments, affecting the financial position of the Company that has occurred during the period from March 31, 2021 till the date of this report.

INSTANCES OF FRAUD, IF ANY REPORTED BY THE AUDITORS

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

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

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

ANNUAL RETURN

The Annual Return of the Company has been hosted at www.idfcmf.com.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that:

a) in the preparation of the annual financial statements for the year ended March 31, 2021, the applicable accounting standards had been followed along with proper explanation relating to material departures;

b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2021 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.

ACKNOWLEDGMENTS

The Board places on record its gratitude to SEBI, Association of Mutual Funds of India, Ministry of Corporate Affairs, other regulatory authorities and institutions and Investors of the Mutual Fund schemes for their continued guidance and support and expresses its sincere appreciation to all the employees for their commendable teamwork and enthusiastic contribution during the year.

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

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Jaimini Bhagwati
Chairman

New Delhi, May 03, 2021

INDEPENDENT AUDITOR'S REPORT

To the Members of IDFC AMC Trustee Company Limited

Report on the audit of the financial statements

Opinion

1. We have audited the accompanying financial statements of IDFC AMC Trustee Company Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021 and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and total comprehensive income (comprising of profit and other comprehensive income), changes in equity and its cash flows for the year then ended.

Basis for opinion

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

Other Information

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

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

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

   We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

5. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

9. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
10. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on other legal and regulatory requirements

11. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
12. As required by Section 143(3) of the Act, we report that:
    (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
    (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
    (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and 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 specified under Section 133 of the Act.
    (e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
    (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
    (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
        i. The Company does not have any pending litigations as at March 31, 2021 which would impact its financial position.
        ii. The Company has long-term contracts as at March 31, 2021 for which there were no material foreseeable losses. The Company did not have any derivative contracts as at March 31, 2021.
        iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2021.
        iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2021.
13. The provisions of Section 197 read with Schedule V of the Act are applicable to the Company, however the Company has neither paid remuneration to any managerial personnel nor is contractually required to make any provision in this regard.

For **Price Waterhouse & Co Chartered Accountants LLP**
Firm Registration Number: 304026E/E-300009

Sharad Vasant
Partner
Membership Number: 101119
UDIN: 21101119AAAAET8615

Mumbai, May 03, 2021

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 12(f) of the Independent Auditors' Report of even date to the members of IDFC AMC Trustee Company Limited on the financial statements for the year ended March 31, 2021

Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls with reference to financial statements of IDFC AMC Trustee Company Limited ("the Company") as of March 31, 2021 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

2. 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 issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements 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") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. 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 with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

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

5. 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 with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

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

Inherent Limitations of Internal Financial Controls with reference to financial statements

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

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, 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 **Price Waterhouse & Co Chartered Accountants LLP**
Firm Registration Number: 304026E/E-300009

Sharad Vasant
Partner
Membership Number: 101119
UDIN: 21101119AAAAET8615

Mumbai, May 03, 2021

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 11 of the Independent Auditors' Report of even date to the members of IDFC AMC Trustee Company Limited on the financial statements as of and for the year ended March 31, 2021

i. The Company does not hold any fixed assets during the year ended March 31, 2021. Therefore, the provisions of Clause 3(i) of the said Order are not applicable to the Company.

ii. The Company is in the business of rendering services, and consequently, does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said Order are not applicable to the Company.

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 Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.

iv. The Company has not granted any loans or made any investments or provided any guarantees or security to the parties covered under Section 185 and 186 of the Act. Therefore the provisions of Clause 3(iv) of the said Order, to this extent, are not applicable to the Company.

v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, income tax, goods and service tax and other material statutory dues, as applicable, with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax or goods and service tax which have not been deposited on account of any dispute.

viii. As the Company does not have any loans or borrowings from any financial institution or bank or Government, nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(viii) of the Order are not applicable to the Company.

ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

xi. The Company has neither paid remuneration to any managerial personnel nor is contractually required to make provision in this regard during the year ended March 31, 2021. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable to the Company. Also refer paragraph 13 of our main audit report.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

xv. The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For **Price Waterhouse & Co Chartered Accountants LLP**
Firm Registration Number: 304026E/E-300009

Sharad Vasant
Partner
Membership Number: 101119
UDIN: 21101119AAAAET8615

Mumbai, May 03, 2021

BALANCE SHEET

AS AT MARCH 31, 2021

(Rs. in thousands)

	Note	As at March 31, 2021	As at March 31, 2020
ASSETS			
Non-current assets			
Income tax assets	2	374.73	293.97
Other non-current assets	3	377.03	-
Total non-current assets		751.76	293.97
Current assets			
Financial assets			
i. Trade receivables	4	885.00	885.00
ii. Cash and cash equivalents	5	2,116.98	1,858.26
Other current assets	6	40.30	27.87
Total current assets		3,042.28	2,771.13
Total assets		3,794.04	3,065.10
EQUITY AND LIABILITIES			
Other current assets			
Equity share capital	7A	500.00	500.00
Other equity	7B	2,840.14	2,201.32
Total equity		3,340.14	2,701.32
LIABILITIES			
Non current liabilities			
Financial liabilities			
i. Other financial liabilities	8	230.00	30.00
Current liabilities			
Financial liabilities			
i. Trade payable	9		
- total outstanding dues of micro enterprises and small enterprises;		-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises		115.72	244.52
Income tax liabilities	10	50.76	50.43
Other current liabilities	11	57.42	38.83
Total liabilities		453.90	363.78
Total equity and liabilities		3,794.04	3,065.10

See accompanying notes to the financial statements.

This is the Balance Sheet referred to in our report of even date.

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration No. 304026E/E-300009

Sharad Vasant
Partner
Membership Number : 101119
Mumbai, May 3, 2021

For and on behalf of the Board of Directors of
IDFC AMC Trustee Company Limited
CIN- U69990MH1999PLC123190

Jamini Bhagwati
Director
DIN: 07274047
New Delhi, May 3, 2021

Pradeep Kumar
Director
DIN: 00116528
New Delhi, May 3, 2021

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2021

(Rs. in thousands)

	Note	Year ended March 31, 2021	Year ended March 31, 2020
Revenue from operations	12	3,000.00	3,000.00
Other income	13	7.56	-
Total income		3,007.56	3,000.00
Expenses			
Employee benefit expense	14	569.97	-
Others expenses	15	1,512.36	2,767.69
Total expenses		2,082.33	2,767.69
Profit/(loss) before tax		925.23	232.31
Income tax expense:			
- Current tax	16	205.75	60.40
- Deferred tax		-	-
Total tax expense		205.75	60.40
Profit / (Loss) for the year		719.48	171.91
Other comprehensive income for the year		-	-
Items that will not be reclassified to profit or loss			
- Remeasurements of post-employment benefit obligations	17	(107.79)	-
- Income tax relating to the above		27.13	-
Other comprehensive income for the year, net of tax		(80.66)	-
Total comprehensive income for the year		638.82	171.91
Earnings per equity share of Rs. 10 each			
- Basic & Diluted (Rs.)	18	12.78	3.44

See accompanying notes to the financial statements.

This is the Statement of Profit and Loss referred to in our report of even date.

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration No. 304026E/E-300009

Sharad Vasant
Partner
Membership Number : 101119
Mumbai, May 3, 2021

For and on behalf of the Board of Directors of
IDFC AMC Trustee Company Limited
CIN- U69990MH1999PLC123190

Jamini Bhagwati
Director
DIN: 07274047
New Delhi, May 3, 2021

Pradeep Kumar
Director
DIN: 00116528
New Delhi, May 3, 2021

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2021

(Rs. in thousands)

A.	**Equity share capital**	Note	Number	Amount
	As at 1st April, 2019	7A	50,000	500.00
	Issued during the year		-	-
	As at March 31, 2020	7A	50,000	500.00
	Issued during the year		-	-
	As at March 31, 2021	7A	50,000	500.00

B.	**Other equity**	Note	Surplus in the statement of profit and loss	Total
	As at 1st April, 2019	7B	2,029.41	2,029.41
	Profit for the year		171.91	171.91
	As at March 31, 2020	7B	2,201.32	2,201.32
	Profit for the year		719.48	719.48
	Items of other comprehensive income recognised directly in retained earnings:-			
	- Remeasurements of post-employment benefit obligations, net of tax		(80.66)	(80.66)
	As at March 31, 2021	7B	2,840.14	2,840.14

See accompanying notes to the financial statements.

This is the Statement of Changes in Equity referred to in our report of even date.

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration No. 304026E/E-300009

Sharad Vasant
Partner
Membership Number : 101119
Mumbai, May 3, 2021

For and on behalf of the Board of Directors of
IDFC AMC Trustee Company Limited
CIN- U69990MH1999PLC123190

Jamini Bhagwati
Director
DIN: 07274047
New Delhi, May 3, 2021

Pradeep Kumar
Director
DIN: 00116528
New Delhi, May 3, 2021

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED MARCH 31, 2021

(Rs. in thousands)

	Note	As at March 31, 2021	As at March 31, 2020
CASH FLOW FROM OPERATING ACTIVITIES :			
Profit before tax		925.23	232.31
Operating profit before working capital changes		925.23	232.31
Adjustments for (increase)/ decrease in operating assets:			
Trade receivables	4	-	(177.00)
Other current assets	6	(12.43)	0.03
Other non-current assets	3	(484.82)	-
Adjustments for increase/ (decrease) in operating liabilities:			
Other financial liabilities	8	200.00	-
Trade payables	9	(128.80)	165.54
Other current liabilities	11	18.59	(29.57)
Cash generated from operations		517.77	191.31
Less : Income taxes paid (net of refunds)		(259.05)	(285.00)
Net cash inflow / (outflow) from operating activities	A	258.72	(93.69)
Net cash inflow / (outflow) from investing activities	B	-	-
Net cash inflow / (outflow) from financing activities	C	-	-
NET INCREASE/(DECREASE) IN CASH AND BANK BALANCES	A+B+C	258.72	(93.69)
Add : Cash and cash equivalents at beginning of the year		1,858.26	1,951.95
Cash and cash equivalents at end of the year	5	2,116.98	1,858.26

The above Cash Flow Statement has been prepared under the indirect method as set out in Ind AS 7, Statement of Cash Flow.
See accompanying notes to the financial statements.

This is the Statement of Cash Flow referred to in our report of even date.

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration No. 304026E/E-300009

Sharad Vasant
Partner
Membership Number : 101119
Mumbai, May 3, 2021

For and on behalf of the Board of Directors of
IDFC AMC Trustee Company Limited
CIN- U69990MH1999PLC123190

Jamini Bhagwati
Director
DIN: 07274047
New Delhi, May 3, 2021

Pradeep Kumar
Director
DIN: 00116528
New Delhi, May 3, 2021

1A. BACKGROUND

IDFC AMC Trustee Company Limited ('the Company') is a public limited company, incorporated in India under the Companies Act, 1956. The Company's principal activity is to provide trusteeship service to IDFC Mutual Fund, having its registered office and principal place of business at One World Centre, 6th Floor, Jupiter Mills Compound, 841, Senapati Bapat Marg, Elphinstone Road (West), Mumbai 400013. The Company has been appointed as the Trustee of IDFC Mutual Fund vide Trust Deed dated December 29, 1999. The principal shareholder of the Company is IDFC Financial Holding Company Limited.

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors passed in their meeting held on May 3, 2021.

1B. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

i) Compliance with Ind AS

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

ii) Historical cost convention

The financial statements have been prepared on a historical cost basis except for certain financial assets which are measured at fair value wherever required.

b) Revenue recognition

The Company is in the business of providing trusteeship services. Revenue from contracts with customers is recognised when control of the services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services.

Trusteeship fees earned is recognised over the period of agreement on an ongoing basis net of Goods and Service Tax (GST).

c) Income tax

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

(i) Current Tax

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

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(ii) Deferred Tax

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

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

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

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

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

d) Cash and cash equivalents

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

e) Cash flow statement

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

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

ii) non-cash items such as provisions, deferred taxes, unrealised foreign currency gains and losses; and

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

f) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Impairment of financial assets

For trade receivables the Company applies the simplified approach required by Ind AS 109, Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

g) Employee benefits

i) Short term obligation

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after reporting period end in which the employee render the related services are recognised in respect of employee's services up to the end of the reporting period and are measured at the amount expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligation in the balance sheet.

ii) Defined contribution plans

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

iii) Defined benefit plan

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

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

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

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the Statement of Changes in Equity and in the Balance Sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the Statement of Profit and Loss as past service cost.

iv) Compensated absences

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

h) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

i) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at best estimate of the future expenditure required to settle the present obligation at the balance sheet date and when the effect of time value of money is material, the carrying amount of the provision is the present value of those cash flows. The expense relating to any provision is presented in the Statement of Profit and Loss net of any reimbursement.

j) Contingencies

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

Contingent assets are disclosed where an inflow of economic benefits is probable.

k) Earnings per share

i) Basic earnings per share is calculated by dividing:

- the profit attributable to equity shareholders of the Company.
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resource.

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

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

l) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. Refer note 22 for segment information presented.

m) Rounding of amounts

The financial statements are presented in 'Indian Rupees' (INR) which is the Company's functional and presentation currency and the same has been rounded off to the nearest "Thousands" as per the requirement of Schedule III, unless otherwise stated.

n) Contributed Equity

Equity shares are classified as equity.

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

o) Use of estimates

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

NOTES TO FINANCIAL STATEMENTS

2 INCOME TAX ASSETS

(Rs. in thousands)

	As at March 31, 2021	As at March 31, 2020
Non current		
Advance income tax	374.73	293.97
(Net of provision as of 2021: Rs. 245.51 thousand; 2020: Rs. 263.89 thousand)		
Total	374.73	293.97

3 OTHER NON-CURRENT ASSETS

(Rs. in thousands)

	As at March 31, 2021	As at March 31, 2020
Advance Contribution to Gratuity Fund	377.03	-
Total	377.03	-

4 TRADE RECEIVABLES

(Rs. in thousands)

	As at March 31, 2021	As at March 31, 2020
Trade receivables considered good - Secured	-	-
Trade receivables considered good - Unsecured	885.00	885.00
Total	885.00	885.00

5 CASH AND CASH EQUIVALENTS

(Rs. in thousands)

	As at March 31, 2021	As at March 31, 2020
Balances with banks:		
In current accounts	2,116.98	1,858.26
Total	2,116.98	1,858.26

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

There are no repatriation restrictions with regards to cash and cash equivalents as at the end of reporting period and prior period.

6 OTHER CURRENT ASSETS

(Rs. in thousands)

	As at March 31, 2021	As at March 31, 2020
Balances with government authorities	40.30	27.87
Total	40.30	27.87

7A EQUITY SHARE CAPITAL

(Rs. in thousands)

	As at March 31, 2021		As at March 31, 2020	
	Number	Amount	Number	Amount
Authorised shares				
Equity shares of Rs. 10 each	50,000	500.00	50,000	500.00
Issued, subscribed and fully paid-up shares				
Equity shares of Rs. 10 each	50,000	500.00	50,000	500.00
Total	50,000	500.00	50,000	500.00

a) Movements in equity share capital

(Rs. in thousands)

	As at March 31, 2021		As at March 31, 2020	
Outstanding at the beginning of the year	50,000	500.00	50,000	500.00
Shares issued during the year	-	-	-	-
Outstanding at the end of the year	50,000	500.00	50,000	500.00

b) Terms and rights attached to equity shares

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

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

c) Details of shares held by the holding company (Rs. in thousands)

Equity shareholders	As at March 31, 2021		As at March 31, 2020	
	Number	Amount	Number	Amount
IDFC Financial Holding Company Limited (of which 6 shares are held jointly with nominees)	50,000	500.00	50,000	500.00

d) Details of shareholders holding more than 5% of the shares in the Group (Rs. in thousands)

Equity shareholders	As at March 31, 2021		As at March 31, 2020	
	Number	% holding	Number	% holding
IDFC Financial Holding Company Limited (of which 6 shares are held jointly with nominees)	50,000	100%	50,000	100%

7B RESERVES AND SURPLUS

(Rs. in thousands)

	As at March 31, 2021	As at March 31, 2020
Surplus in the Statement of Profit and Loss	2,920.80	2,201.32
Total	2,920.80	2,201.32

a) Surplus in the statement of profit and loss (Rs. in thousands)

	As at March 31, 2021	As at March 31, 2020
Opening balance	2,201.32	2,029.41
Net profit for the year	719.48	171.91
Closing balance	2,920.80	2,201.32

8 OTHER FINANCIAL LIABILITIES

(Rs. in thousands)

	As at March 31, 2021	As at March 31, 2020
Non current		
Other payables - Corpus	30.00	30.00
Employee benefits payable	200.00	-
Total	230.00	30.00

9 TRADE PAYABLES

(Rs. in thousands)

	As at March 31, 2021	As at March 31, 2020
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	115.72	244.52
Total	115.72	244.52

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

i) No amount due to micro and small enterprises registered under the Micro, Small and Medium Enterprises Development Act, 2006 (MSME).

ii) No interest is paid / payable during the year to any micro / small enterprise registered under the MSME. There were no delayed payments during the year to any micro or small enterprise registered under the MSME.

iii) The above information has been determined to the extent such parties could be identified on the basis of the information available with the Company regarding the status of suppliers under the MSME.

10 INCOME TAX LIABILITIES

	As at March 31, 2021	As at March 31, 2020
		(Rs. in thousands)
Provision for income tax (Net of advance tax as of 2021: Rs. 514.05 thousand; 2020: Rs. 317.37 thousand)	50.76	50.43
Total	50.76	50.43

11 OTHER CURRENT LIABILITIES

	As at March 31, 2021	As at March 31, 2020
		(Rs. in thousands)
Statutory dues payable	57.42	38.83
Total	57.42	38.83

12 REVENUE FROM OPERATIONS

	Year ended March 31, 2021	Year ended March 31, 2020
		(Rs. in thousands)
Trusteeship fees	3,000.00	3,000.00
Total	3,000.00	3,000.00

13 OTHER INCOME

	As at March 31, 2021	As at March 31, 2020
		(Rs. in thousands)
Interest on income tax refund	7.56	-
Total	7.56	-

14 EMPLOYEE BENEFIT EXPENSE

	Year ended March 31, 2021	Year ended March 31, 2020
		(Rs. in thousands)
Salaries, wages and bonus	527.98	-
Contribution to provident and other funds (refer note 17)	16.92	-
Contribution to gratuity (refer note 17)	15.18	-
Staff insurance, training and welfare expense	9.89	-
Total	569.97	-

15 OTHER EXPENSES

	Year ended March 31, 2021	Year ended March 31, 2020
		(Rs. in thousands)
Travelling and conveyance	35.79	788.28
Professional fees	167.71	724.53
Directors' sitting fees	1,275.00	1,150.00
Auditor's remuneration [refer note (a) below]	30.60	30.94
Printing and Stationary	-	5.50
Statutory notice	-	17.64
Profession tax	2.50	2.50
Goods and service tax expenses	1.56	45.57
Miscellaneous expenses	(0.80)	2.73
Total	1,512.36	2,767.69

a) Breakup of Auditors' remuneration

	Year ended March 31, 2021	Year ended March 31, 2020
		(Rs. in thousands)
Audit fees	18.36	18.36
Other services	12.24	12.16
Out-of-pocket expenses	-	0.42
Total	30.60	30.94

16 INCOME TAX

a) The components of income tax expense for the years ended March 31, 2021 and March 31, 2020 are: (Rs. in thousands)

	Year ended March 31, 2021	Year ended March 31, 2020
Current tax	205.75	60.40
Total	205.75	60.40

b) Reconciliation of the total tax charge

The tax charge shown in the Statement of Profit and Loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the years ended March 31, 2021 and March 31, 2020 is, as follows:

(Rs. in thousands)

	Year ended March 31, 2021	Year ended March 31, 2020
Accounting profit before tax	925.23	232.31
Tax at India's statutory income tax rate of 25.17% (previous year 26.00%)	232.88	60.40
Tax effect of the amount which are not taxable:		
- Other	(27.13)	-
Income tax expense at effective tax rate	205.75	60.40
Effective tax rate	22.24%	26.00%

17 EMPLOYEE BENEFIT OBLIGATIONS

(a) Defined contribution plans

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

(Rs. in thousands)

	Year ended March 31, 2021	Year ended March 31, 2020
Provident fund	16.92	-

(b) Defined benefit plans

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

The following tables summarises the components of net benefit expense recognised in the Statement of Profit and Loss and the funded status and amounts recognised in the balance sheet for the respective plans:

i) Balance sheet (Rs. in thousands)

	Present value of obligation	Fair value of plan assets	Impact of asset ceiling	Net amount
As at April 1, 2019				
Current service cost	-	-	-	-
Interest expense/(income)	-	-	-	-
Return on plan assets	-	-	-	-
Actuarial loss / (gain) arising from change in financial assumptions	-	-	-	-
Actuarial loss / (gain) arising from change in demographic assumptions	-	-	-	-
Actuarial loss / (gain) arising on account of experience changes	-	-	-	-
Reversal of the liability	-	-	-	-
Employer contributions	-	-	-	-
Benefit payments	-	-	-	-
Past Service Cost	-	-	-	-
Liabilities assumed / (settled)*	-	-	-	-

	Present value of obligation	Fair value of plan assets	Impact of asset ceiling	Net amount
As at March 31, 2020				
Current service cost	15.18	-		15.18
Interest expense/(income)	-	-		-
Return on plan assets	-	4.92		(4.92)
Actuarial loss / (gain) arising from change in financial assumptions	-	-		-
Actuarial loss / (gain) arising from change in demographic assumptions	-	-		-
Actuarial loss / (gain) arising on account of experience changes	-	-		-
Adjustment to recognise the effect of asset ceiling	-	-	112.71	112.71
Reversal of the liability	-	-		-
Employer contributions	-	500.00		(500.00)
Benefit payments	-	-		-
Past Service Cost	-	-		-
Liabilities assumed / (settled)*	-	-		-
As at March 31, 2021	15.18	504.92	112.71	(377.03)

*On account of business combination or inter group transfer

(Rs. in thousands)

	As at March 31, 2021	As at March 31, 2020
Present value of plan liabilities	15.18	-
Fair value of plan assets	504.92	-
Plan liability net of plan assets before asset ceiling	(489.74)	-

(ii) Statement of profit and loss (Rs. in thousands)

	Year ended March 31, 2021	Year ended March 31, 2020
Employee benefit expense		
Current service cost	15.18	-
Total	15.18	-
Finance costs	-	-
Past Service Cost	-	-
(Gains)/Losses on settlement	-	-
Net impact on the profit before tax	15.18	-

(Rs. in thousands)

	Year ended March 31, 2021	Year ended March 31, 2020
Remeasurements of the net defined benefit liability:		
Return on plan assets excluding amounts included in interest expense/income	(4.92)	-
Actuarial gains/(losses) arising from changes in demographic assumptions	-	-
Actuarial gains/(losses) arising from changes in financial assumptions	-	-
Actuarial gains/(losses) arising from changes in experience	-	-
Adjustment to recognize the effect of asset ceiling	112.71	
Net impact on the other comprehensive income before tax	107.79	-

iii) Defined benefit plan assets

Category of assets (% allocation)	As at March 31, 2021	As at March 31, 2020
Insurer managed funds		
- Government securities	38.89	-
- Deposit and money market securities	4.32	-
- Debentures / bonds	56.79	-
- Equity shares	-	-
Total	100.00	-

iv) Actuarial assumptions

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

	As at March 31, 2021	As at March 31, 2020
Discount rate	7.00	-
Salary escalation rate*	10.00	-

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

v) Demographic assumptions

Mortality in Service :

	As at March 31, 2021	As at March 31, 2020
Age (Years)	Rates (p.a.)	Rates (p.a.)
18	0.0008740	-
23	0.0009360	-
28	0.0009420	-
33	0.0010860	-
38	0.0014530	-
43	0.0021440	-
48	0.0035360	-
53	0.0061740	-
58	0.0096510	-

vi) Sensitivity (Rs. in thousands)

As at March 31, 2021	Change in assumption	Impact on defined benefit obligation	
		Increase	Decrease
Discount rate	50 bps	14.48	15.96
Salary escalation rate	50 bps	15.93	14.49

As at March 31, 2020	Change in assumption	Impact on defined benefit obligation	
		Increase	Decrease
Discount rate	50 bps	-	-
Salary escalation rate	50 bps	-	-

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

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

vii) Maturity

The defined benefit obligations shall mature after year end as follows: (Rs. in thousands)

	As at March 31, 2021	As at March 31, 2020
Within the next 12 months (next annual reporting period)	1.43	-
Between 2 and 5 years	6.34	-
Between 6 and 9 years	5.42	-
Between 10 and above	26.93	-
Total expected payments	40.12	-

The weighted average duration of the defined benefit obligation is 9.76 years (previous year - Nil years).

18 EARNINGS PER SHARE (EPS) (Rs. in thousands)

	Year ended March 31, 2021	Year ended March 31, 2020
Total basic earnings per share attributable to the equity shareholders of the Company.		
(a) Basic and diluted earnings per share		
Profit attributable to the equity shareholders of the Company	638.82	171.91
(b) Weighted average number of shares used as the denominator		
Weighted average number of equity shares used as the denominator in calculating basic and diluted earnings per share	50,000	50,000
(c) Basic and diluted earnings per share (in Rs.)	12.78	3.44
(d) Nominal value per share (in Rs.)	10.00	10.00

19 CAPITAL MANAGEMENT

For the purpose of capital risk management, capital includes equity capital and other equity.

The Company aims to manage its capital efficiently so as to safeguard its ability to continue as a going concern, so that they can continue to provide returns to shareholders and benefits for other stakeholders and maintain an optimal capital structure.

20 FAIR VALUE MEASUREMENT

a) Fair value hierarchy

This section explains the judgments and estimates made in determining the fair values of the financial assets and liabilities that are measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard.

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

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

The hierarchies used are as follows:

Level 1: Hierarchy includes financial instruments measured using quoted price.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the financial instrument, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is include in level 3.

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

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

21 FINANCIAL RISK MANAGEMENT

Risk management is an integral part of the business practices of the Company. The Company has exposure to following risk from its business operations:

- Credit risk
- Liquidity risk

a) Credit risk

Credit risk is the risk of suffering financial loss, should any of the Company's customers, clients or market counterparties fail to fulfill their contractual obligations to the Company. The Company maintains exposure in cash and cash equivalents and trade receivables only.

Cash and cash equivalents are held with high rated banks/financial institutions only, therefore credit risk is perceived to be low. The Company renders services to related entities only and as such credit risk of trade receivable is not expected to be significant considering the credit worthiness of the related entities. The Company closely monitors the ageing of its trade receivable to ensure the non-receipt of payment is esclated and recovered.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company believes that current cash and bank balances and cash flows generated from operating activities are sufficient to meet liquidity requirements since Company has no external borrowings. Accordingly, liquidity risk is perceived to be low. The following table shows the maturity analysis of financial liabilities of the Company based on contractually agreed undiscounted cash flows as at the balance sheet date:

(Rs. in thousands)

As at March 31, 2021	Note No.	Less than 12 months	More than 12 months	Total
Trade payables	9	115.72	-	115.72
Other financial liabilities	8	-	230.00	230.00
Total		115.72	230.00	345.72

(Rs. in thousands)

As at March 31, 2020	Note No.	Less than 12 months	More than 12 months	Total
Trade payables	9	244.52	-	244.52
Other financial liabilities	8	-	30.00	30.00
Total		244.52	30.00	274.52

22 SEGMENT INFORMATION

The Company operates in only one segment viz. 'providing trusteeship services' to 'IDFC Mutual fund'. Further all activities are carried out within India. As such, there are no separate reportable segments as per Ind AS 108 'Operating Segments'. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Company has identified the Board of Directors as the chief operating decision maker.

a) Segment revenue

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

(Rs. in thousands)

	Year ended March 31, 2021	Year ended March 31, 2020
Segment revenue		
- India	3,000.00	3,000.00
- Outside India	-	-
Total	3,000.00	3,000.00

There is one single customer IDFC Mutual Fund who individually contributes 100% of total operating revenue of the Company which amounts to Rs. 3,000.00 thousand (Previous Year Rs. 3,000.00 thousand).

b) Segment assets and segment liabilities (Rs. in thousands)

	As at March 31, 2021	As at March 31, 2020
Segment assets - India	3,419.31	2,771.13
Total Segment assets - India		
Unallocated:		
Investments	-	-
Income tax assets (net)	374.73	293.97
Total asset as per balance sheet	3,794.04	3,065.10
Segment liabilities - India	403.14	313.35
Total Segment liabilities - India		
Unallocated:		
Income tax liabilities (net)	50.76	50.43
Deferred tax liabilities (net)	-	-
Total liability as per balance sheet	453.90	363.78

23 CONTINGENT LIABILITIES

The Company does not have any contingent liabilities/capital commitements as at March 31, 2021 (Previous Year Rs. Nil).

24 EVENTS OCCURRING AFTER THE REPORTING PERIOD

There are no major events occurring after the reporting period.

25 RELATED PARTY TRANSACTIONS

a) Ultimate holding company

IDFC Limited

b) Holding company

IDFC Financial Holding Company Limited*

c) Fellow subsidiaries

IDFC Asset Management Company Limited

d) Associates

IDFC FIRST Bank Limited (Formerly known as IDFC Bank Limited)

e) Key management personnel

Mr. Bipin Gemani - Nominee Director (w.e.f May 3, 2019)*

Mr. Pradeep Kumar - Independent director (w.e.f. July 16, 2019)

Dr. Jaimini Bhagwati - Independent director (w.e.f. July 17, 2019)

Mr. Vishwavir Saran Das - Independent director (w.e.f. December 3, 2019)

Mr. Pavan Kaushal - Director (upto April 28, 2019)*

Mr. Bharat Raut - Director (upto July 16, 2019)

Mr. Sridar Venkatesan - Director (upto July 16, 2019)

Mr. Nityanath Ghanekar - Director (upto July 16, 2019)

Sitting fees paid to the directors has been disclosed as “Director’s Sitting Fees” under “Other expenses” in Note 15. There is no other benefit paid to the directors.

*No transactions during the year

f) Transactions with related parties (Rs. in thousands)

	Nature of transactions	March 31, 2021	March 31, 2020
IDFC Limited	Reimbursement of expenses	-	25.92
IDFC Asset Management Company Limited	Reimbursement of expenses	251.45	1,184.43

g) Outstanding balances (Rs. in thousands)

	Nature of transactions	March 31, 2021	March 31, 2020
IDFC FIRST Bank Limited (Formerly known as IDFC Bank Limited)	Current Account Balance	1.12	1.00
IDFC Limited	Initial Corpus Payable	30.00	30.00

26 IMPACT OF COVID 19

In addition to the widespread public health implications, the COVID-19 pandemic has had an extraordinary impact on macroeconomic conditions in India and around the world. During the previous year, people and economies around the world, witnessed serious turbulence caused by the first wave of the pandemic, the consequent lockdowns, the gradual easing of restrictions and the emergence of new variants of the virus. The first half of the year was worst affected due to pandemic. However, there was an economic recovery in the later half as lockdowns eased consequent to reduction in COVID-19 cases. Although government has started vaccination drive, COVID-19 cases have significantly increased in recent months due to second wave as compared to earlier levels in India. Various state governments have again announced strict measures include lockdowns to contain this spread. As COVID vaccines get administered to more and more people, businesses in sectors impacted by pandemic may pick up. However, the continuing and evolving nature of the virus has created uncertainty regarding estimated time required for businesses and lives to get back to normal.

The Company continues to closely monitor the situation and in response to this health crisis has implemented protocols and processes to execute its business continuity plans.

The Company has made an assessment of its liquidity position applying stress scenarios. The Company believes that it has taken into account all the possible impact of known events arising from COVID-19 pandemic in the preparation of the financial statements.

The Company has further assessed the recoverability and carrying value of its assets and other assets as at balance sheet date, and has concluded that there are no material adjustments required in the financial Statements. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration. The Company will continue to monitor any material changes to future economic conditions.

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration No. 304026E/E-300009

Sharad Vasant
Partner
Membership Number : 101119
Mumbai, May 3, 2021

For and on behalf of the Board of Directors of
IDFC AMC Trustee Company Limited
CIN- U69990MH1999PLC123190

Jamini Bhagwati
Director
DIN: 07274047
New Delhi, May 3, 2021

Pradeep Kumar
Director
DIN: 00116528
New Delhi, May 3, 2021

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