



**IDFC ASSET  
MANAGEMENT  
COMPANY  
LIMITED**

**CIN** U65993MH1999PLC123191

**DIRECTORS**

Mr. Vikram Limaye (Chairperson)  
Mr. Vishwavir Saran Das  
Ms. Anita Ramachandran  
Mr. Eric Ward

**AUDITORS**

S. R. Batliboi & Co. LLP  
Chartered Accountants

**PRINCIPAL  
BANKER**

Standard Chartered Bank  
IDFC Bank Limited

**REGISTERED  
OFFICE**

One Indiabulls Centre,  
6th Floor, Jupiter Mills Compound,  
841, Senapati Bapat Marg,  
Elphinstone Road (West)  
Mumbai 400 013  
**Tel** +91 22 6628 9999  
**Fax** + 91 22 2421 5051  
**Website** [www.idfcmf.com](http://www.idfcmf.com)  
**Email ID** [info@idfcmf.com](mailto:info@idfcmf.com)

## BOARD'S REPORT

### TO THE MEMBERS

Your Directors have pleasure in presenting the Sixteenth 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, 2016.

### FINANCIAL HIGHLIGHTS

PARTICULARS	(AMOUNT IN ₹)	
	FOR THE YEAR ENDED MARCH 31, 2016	FOR THE YEAR ENDED MARCH 31, 2015
Total Income	3,255,954,776	2,784,871,082
Less: Total Expenses	1,628,191,505	1,664,031,021
Profit before Tax	1,627,763,271	1,120,840,061
Less: Provision for Tax	527,353,342	417,081,000
Profit after Tax	1,100,409,929	703,759,061

### COMPANY'S AFFAIRS

#### I. Mutual Funds

IDFC Asset Management Company Limited (“IDFC AMC” or “the Company”) is the Investment Manager of the schemes of IDFC Mutual Fund (“IDFC MF”). The Assets under Management of IDFC MF were ₹51,448.31 crore (excluding Fund of Funds Schemes) as on March 31, 2016.

**New Scheme launches:** During the year, the AMC launched a new scheme under IDFC MF viz., IDFC Corporate Bond Fund, an open-ended debt scheme that would invest only in corporate bonds and would not take any exposure to G-Sec. The AMC also received SEBI clearance for launch of IDFC Nifty ETF and IDFC Sensex ETF and would launch the schemes at appropriate opportunity. Further, the Board approved the launch of new schemes viz., IDFC Balanced Fund and IDFC Money Market Fund, subject to SEBI clearance.

#### II. Portfolio Management Services:

The Hon'ble High Court of Bombay sanctioned the scheme of amalgamation of IDFC IA with the Company vide its Order dated April 18, 2015, having Appointed Date as April 1, 2015. The certified copy of the Order was also filed with the Registrar of Companies, Mumbai on June 23, 2015. Portfolio Management business & Investment Management of Venture Capital Fund are now carried on directly through the Company and the Company has received necessary approvals from SEBI.

### AMOUNT TO BE CARRIED FORWARD TO RESERVES

The details of amount transferred to reserves are given in note no. 5 of the Notes forming part of the financial statements.

### DIVIDEND

The Company has made a profit after tax of ₹ 110.04 crore For FY15-16. The Directors recommend a dividend of ₹305 (i.e. 3050%) per equity share on face value of ₹10 for the financial year ended March 31, 2016.

### SUBSIDIARY COMPANIES / ASSOCIATES / JOINT VENTURES

As on March 31, 2016, 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. In accordance with the provisions of Section 129(3) of the Companies Act, 2013, the Company has prepared Consolidated Financial Statement including requisite details of all the subsidiaries. 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**.

IDFC IA filed an application with the Hon'ble High Court of Bombay under Sections 391-394 of Companies Act, 1956 to amalgamate with IDFC AMC. The Hon'ble High Court of Bombay approved the amalgamation of IDFC IA with IDFC AMC vide its Order dated April 18, 2015. The certified copy of the Order was also filed with the Registrar of Companies, Mumbai on June 23, 2015 and the scheme was effective from that date having Appointed date as April 1, 2015. Consequent upon the amalgamation of IDFC IA with IDFC AMC, the Portfolio Management business & Investment Management of Venture Capital Fund was carried out by the Company.

### SHARE CAPITAL UPDATE

IDFC Limited (“IDFC”) was granted an in-principle approval by the Reserve Bank of India on April 9, 2014 to set up a bank in new private sector. The terms and conditions contained in the Guidelines for Licensing of New Banks in the Private Sector dated February 22, 2013 mandates that all new banks would need to be set up through a Non-Operative Financial Holding Company (“NOFHC”). The NOFHC was required to hold the Bank as well as all the other financial services entities of IDFC Group which are regulated by RBI or other financial sector regulators. Accordingly, IDFC Financial Holding Company Limited (“IDFC FHCL”) was incorporated as a wholly owned subsidiary company of IDFC.

Consequent to the restructuring, equity stake held by IDFC in its regulated subsidiary companies engaged in financial activities, including IDFC AMC, was required to be transferred to IDFC FHCL. However, IDFC would continue to be the Sponsor of IDFC Mutual Fund. On July 9, 2015, the Board approved the transfer of approximately 75% of equity stake of IDFC AMC from IDFC to IDFC FHCL. The said transfer was executed after obtaining prior approval of IDFC AMC Trustee Company Limited and Securities and Exchange Board of India.

### PARTICULARS OF EMPLOYEES

The Company had 180 employees as on March 31, 2016.

The Disclosure pertaining to the provisions of Section 197 of the Act, read with the Companies (Appointment and Remuneration of

## BOARD'S REPORT

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.

### PUBLIC DEPOSITS

The Company has neither invited nor accepted any Public Deposits.

### PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

IMML, having paid up capital of USD 157,290 which was equivalent to INR 85.44 lacs, approached the Company for further investment by subscribing to its equity capital which would help IMML for the business expansion and growth. Looking at the future prospects of IMML, the Management of the Company recommended subscription to the equity share capital of IMML.

Accordingly, the Board of IDFC AMC enhanced overall limit of investment in IMML to INR 5 crore, including all the current investments and also invested additional USD 250,000 (approximately INR 1.59 crore) in the equity capital of IMML. As on March 31, 2016, the paid up capital of IMML and total investment of IDFC AMC in IMML was USD 407,290.

### FOREIGN EXCHANGE EXPENDITURE AND EARNING

The particulars regarding foreign exchange expenditure and earning are furnished in Note no. 21 and 22 respectively in the Notes forming part of the Financial Statements.

### 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

In accordance with the Articles of Association of the Company and pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Vikram Limaye 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 Mr. Vikram Limaye, as a Director at the ensuing AGM.

Pursuant to the provisions of Section 149, 150, 152, 160 and other applicable provisions of the Companies Act, 2013, read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Schedule IV to the Companies Act, 2013 and based on the recommendation of the Nomination and Remuneration Committee ("NRC") of the Company and subject to the approval of the members at the AGM, the Board at its meeting held on July 16, 2015 appointed Ms. Anita Ramachandran as an Additional Director in the category of Independent Director ("ID") of the Company. It is proposed to appoint her as ID to hold office till the conclusion of the Eighteenth (18th) AGM of the Company to be held for the FY 2017-18.

Mr. Pradip Madhavji and Dr. Bakul Patel were appointed as IDs of the Company at the Extra- Ordinary General Meeting ("EGM") of the Company held on December 19, 2014 to hold office till the conclusion of the 15th AGM of the Company for FY 14-15 held on July 16, 2015. Consequently, the term of Mr. Pradip Madhavji and Dr. Bakul Patel was completed on July 16, 2015 and they cease to be IDs of the Company from that day. Further, Dr. Rajiv B Lall resigned as Director of the Company w.e.f. July 16, 2015. The Board places on record sincere appreciation for services rendered by them during their tenure.

### 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, five Board meetings were held on April 23, 2015, July 16, 2015, October 21, 2015, January 28, 2016 and March 9, 2016. The gap between two consecutive meetings was within the limit of the period prescribed under the Companies Act, 2013.

Attendance details of Board of Directors for the Board Meetings held during FY16 are given below.

NAME OF THE DIRECTOR	DIN NO.	POSITION	NO. OF MEETINGS HELD IN FY16	NO. OF MEETINGS ATTENDED IN FY16
Mr. Vikram Limaye	00488534	Chairperson	5	5
Mr. Vishwavir Saran Das	03627147	Independent Director	5	5
Ms. Anita Ramachandran <sup>1</sup>	00118188	Independent Director	3	3
Mr. Eric Ward	03522521	Nominee of NATIXIS Global Asset Management	5	4
Dr. Rajiv B Lall <sup>2</sup>	00131782	Chairperson	2	1
Mr. PradipMadhavji <sup>2</sup>	00549826	Independent Director	2	2
Dr. Bakul Patel <sup>2</sup>	00580300	Independent Director	2	2

<sup>1</sup> Appointed as an Independent Director w.e.f. August 1, 2015  
<sup>2</sup> Ceased to be Directors w.e.f. July 16, 2015

## BOARD'S REPORT

### AUDIT COMMITTEE

During the year, four Audit Committee meetings were held on April 23, 2015, July 16, 2015, October 21, 2015 and January 28, 2016. The gap between two consecutive meetings was within the limit of the period prescribed under the Companies Act, 2013.

On October 17, 2015, the Audit Committee of the Company was re-constituted as per the provisions of Section 177 of the Companies Act, 2013 and Rules made thereunder. The composition of Audit Committee is in compliance with the Companies Act, 2013.

Attendance details of Directors for the Audit Committee Meetings held during FY16 are given below.

NAME OF THE MEMBER	POSITION	STATUS	NO. OF MEETINGS HELD	NO. OF MEETINGS ATTENDED
Mr. Vishwavir S. Das <sup>1</sup>	Independent Director	Chairperson	2	2
Ms. Anita Ramachandran <sup>2</sup>	Independent Director	Member	2	1
Mr. Eric Ward	Nominee of NATIXIS Global Asset Management	Member	4	4
Mr. Pradip Madhavji <sup>3</sup>	Independent Director	Chairperson	2	2
Dr. Bakul Patel <sup>3</sup>	Independent Director	Member	2	2

<sup>1</sup> Appointed as a Chairperson of the Committee w.e.f. October 17, 2015  
<sup>2</sup> Appointed as a Member of the Committee w.e.f. October 13, 2015  
<sup>3</sup> Ceased to be Members of the Company w.e.f. July 16, 2015

### NOMINATION AND REMUNERATION COMMITTEE

During the year, One meeting of NRC was held on July 16, 2015.

NRC was re-constituted on October 13, 2015 as per the provisions of the section 178 of the Companies Act, 2013 and Rules made thereunder. The composition of NRC is in compliance with the Companies Act, 2013.

Attendance details of Directors for the NRC Meetings held during FY16 are given below.

NAME OF THE MEMBER	POSITION	STATUS	NO. OF MEETINGS HELD	NO. OF MEETINGS ATTENDED
Ms. Anita Ramachandran <sup>1</sup>	Independent Director	Chairperson	N.A.	N.A.
Mr. Vikram Limaye	Nominee for IDFC	Member	1	1
Mr. Vishwavir S. Das	Independent Director	Member	1	1
Mr. Eric Ward	Nominee of NATIXIS Global Asset Management	Member	1	1
Dr. Rajiv B. Lall <sup>2</sup>	Director	Member	1	1
Mr. PradipMadhavji <sup>2</sup>	Independent Director	Member	1	1
Dr. Bakul Patel <sup>2</sup>	Independent Director	Member	1	1

<sup>1</sup> Appointed as a Member w.e.f. October 13, 2015  
<sup>2</sup> Ceased to be Members of the Company w.e.f. July 16, 2015

### BOARD EVALUATION

The evaluation for the Directors and the Board was done through circulation of questionnaires, which would assess the performance of the Board on select parameters related to roles, responsibilities and obligations of the Board and functioning of the Committees including assessing the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

### REMUNERATION POLICY

On recommendation of NRC, the Board adopted 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.

### STATUTORY AUDITORS

At the 14th AGM of the Company, the Shareholders approved the appointment of S.R. Batliboi & Co. LLP, Chartered Accountants, having ICAI Firm Registration Number- 301003E, a member firm of Ernst & Young Global Limited, as Statutory Auditors for a period of five consecutive years i.e. from 14th AGM of the Company held for FY14 to 19th AGM of the Company to be held for FY19.

As per the provisions of the Companies Act, 2013 and Rules made thereunder, the above appointment is required to be ratified at every AGM. The Statutory Auditors have confirmed that they are eligible to be appointed as Statutory Auditors for FY17.

## BOARD'S REPORT

The Members are requested to ratify the appointment of S.R. Batliboi & Co. LLP, Chartered Accountants as Statutory Auditors of the Company for FY17.

There are no qualifications or observations or other remarks made by the Statutory Auditors in their report.

### SECRETARIAL AUDIT

Pursuant to Section 204 of the Companies Act, 2013 and the Rules made thereunder, the Company appointed M/s Kaushik Jhaveri & Co., Practising Company Secretary, as Secretarial Auditors to undertake the Secretarial Audit of the Company for FY16.

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**.

### 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, an endeavour was made consistently that they 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.

Pursuant to the provisions of Companies Act, 2013 and Rules made there under and in the back-drop of the Company's philosophy on such matters, the Board of Directors of the Company adopted the "Policy on Related Party Transactions" on the same lines as approved by IDFC Limited, the ultimate holding Company. The said Policy is also uploaded on the website of the Company.

The Audit 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 Committee of the Board. The Internal Auditors verified the key Internal Financial Control by reviewing key controls impacting financial reporting and overall risk management procedures of the Company and found the same satisfactory. It was placed before the Audit Committee of the Company.

### RISK MANAGEMENT

The Audit Committee of the Company endeavours to review the risk register at every meeting held during the year. The Members of the Audit 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, 2016 till the date of this report.

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

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

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

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

### INFORMATION REQUIRED UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013

There were no instances of Sexual Harassment that were reported during FY15-16 under the Prevention of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

### EXTRACT OF ANNUAL RETURN

The extract of the Annual Return in the prescribed Form No. MGT 9 are appended as **Annexure III**.

### CORPORATE SOCIAL RESPONSIBILITY

During the year, Corporate Social Responsibility Committee ("**CSR Committee**") was reconstituted on October 13, 2015 as per the provisions of the Section 135 and Schedule VII of the Companies Act, 2013. As on March 31, 2016, the CSR Committee comprises of the following:

1. Mr. Vikram Limaye - Chairperson
2. Mr. Vishwavir Saran Das
3. Ms. Anita Ramachandran

The composition of CSR Committee is in compliance with the Companies Act, 2013. The disclosure of contents of Corporate Social Responsibility Policy as prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014 are annexed as **Annexure IV**.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors confirm that:

- (a) in the preparation of the annual financial statements for the year ended March 31, 2016, 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, 2016 and of the profit and loss of the Company for that period;
- (c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the Directors had prepared the annual financial statements on a going concern basis; and
- (e) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### **ACKNOWLEDGEMENTS**

The Board places on record its gratitude to the Securities and Exchange Board of India, Reserve Bank of India, Association of Mutual Funds of India, other regulatory authorities and institutions, Investors in the Mutual Fund schemes and to the Members 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 and other group companies.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

**VIKRAM LIMAYE**

Chairperson

Mumbai, June 25, 2016

## 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	-
2	Name of the subsidiary	IDFC Investment Managers (Mauritius) Limited
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	April 1, 2015 to March 31, 2016
4	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	INR*
5	Share capital	25,069,224
6	Reserves & surplus	(7,529,220)
7	Total assets	18,186,750
8	Total Liabilities	18,186,750
9	Investments	-
10	Turnover	-
11	Profit/(Loss) before taxation	(2,252,511)
12	Provision for taxation	-
13	Profit/(Loss) after taxation	(2,252,511)
14	Proposed Dividend	-
15	% of shareholding	100%

\*Exchange Rate:  
Closing Rate: 1 USD = 66.3329  
Average Rate: 1 USD = 65.6947

**Note:**  
IDFC Investment Advisors Limited was amalgamated with IDFC Asset Management Company Limited effective June 23, 2015.

#### 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

Vikram Limaye  
Director

Anita Ramachandran  
Director

Nirav Shah  
Company Secretary

April 27, 2016

## ANNEXURE II

### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2016

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

To,  
The Members,

**IDFC Asset Management Company Limited**  
One India Bulls Centre, 841 Jupiter Mills Compound,  
Senapati Bapat Marg, Elphinstone (West),  
Mumbai - 400 013  
CIN :U65993MH1999PLC123191

We 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 our opinion thereon.

Based on our verification of 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 March 31, 2016 ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board - processes and compliance - mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **IDFC ASSET MANAGEMENT COMPANY LIMITED** for the financial year ended on March 31, 2016 according to the provisions of:

- (i) The Companies Act, 2013 ('the Act') and the rules made thereunder;
- (ii) The 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 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; **(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).**



## ANNEXURE II

### SECRETARIAL AUDIT REPORT

We 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

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India;
- (ii) The Listing Agreements entered into by the Company with Stock Exchange(s), if applicable; **(Not applicable to the company during the audit period)**
- (iii) The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;

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

**We further inform that** the Company has adequate Composition of Board of Directors as per SEBI (Mutual Funds) Regulations, 1996 and Companies Act, 2013. During the audit period the Composition of the Board of Directors has been changed which is below the prescribed number as provided in Articles of Association. As informed by the Management, the Company is in process of Alteration of Articles to bring the complete set of Articles in line with the existing provisions of 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.

**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 period under review IDFC Investment Advisors Limited, wholly owned subsidiary of the Company, had filed a Petition/an Application to the Hon'ble High Court of Judicature at Bombay for Amalgamation of IDFC Investment Advisors Limited (Transferor Company) with this company i.e. IDFC Asset Management Company Limited (Transferee Company). The Hon'ble High Court of Bombay approved the said amalgamation vide its order dated 18th April, 2015. The certified copy of the order was also filed with the Registrar of Companies, Mumbai on 23rd June, 2015 and the scheme was effective from that date having Appointed date as 1st April, 2015.

**For Kaushik M. Jhaveri & Co.,**  
Practising Company Secretary

**Kaushik M. Jhaveri**  
FCS No.: 4254; CP No. : 2592

Mumbai, April 27, 2016

## ANNEXURE III

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

As on the financial year ended on March 31, 2016

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

#### I. REGISTRATION AND OTHER DETAILS:

i) CIN	U65993MH1999PLC123191
ii) Registration Date	20/12/1999
iii) Name of the Company	IDFC ASSET MANAGEMENT COMPANY LIMITED
iv) Category / Sub-Category of the Company	Company Limited by shares Indian Non-Government Company
v) Address of the Registered office and contact details	One India Bulls Centre, 841 Jupiter Mills Compound, Senapati Bapat Marg, Elphinstone (West), Mumbai - 400013, Maharashtra. Tel.: +91 22 6628 9999, Fax: +91 22 2421 5051
vi) Whether listed company Yes / No	No
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	TSR Darashaw Limited 6-10, Haji Moosa Patrawala Industrial Estate, 20 Dr. E. Moses Road, Mahalaxmi, Mumbai- 400011. Tel.: +91 22 6656 8484

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

SR. NO.	NAME AND DESCRIPTION OF MAIN PRODUCTS / SERVICES	NIC CODE OF THE PRODUCT / SERVICE	% TO TOTAL TURNOVER OF THE COMPANY
1.	Asset Management	66301	96.54%

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

SR. NO.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	IDFC Limited	L65191TN1997PLC037415	Ultimate Holding	Indirectly approx. 75%	Section 2(46)
2	IDFC Financial Holding Company Limited	U65900TN2014PLC097942	Holding	approx. 75%	Section 2(46)
3	IDFC Investment Managers (Mauritius) Limited	N.A.	Subsidiary	100%	Section 2(87)

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

##### (i) Category-wise Share Holding

CATEGORY OF SHAREHOLDERS	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR				NO. OF SHARES HELD AT THE END OF THE YEAR				% CHANGE DURING THE YEAR
	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Central Govt	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c) State Govt(s)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d) Bodies Corp.	2,009,277	6	2,009,283	75%	2,009,277	6	2,009,283	75%	NIL
e) Banks/FI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
f) Any Other.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
<b>Sub-total (A) (1):-</b>	<b>2,009,277</b>	<b>6</b>	<b>2,009,283</b>	<b>75%</b>	<b>2,009,277</b>	<b>6</b>	<b>2,009,283</b>	<b>75%</b>	<b>NIL</b>

## ANNEXURE III

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

CATEGORY OF SHAREHOLDERS	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR				NO. OF SHARES HELD AT THE END OF THE YEAR				% CHANGE DURING THE YEAR
	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
<b>(2) Foreign</b>	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
a) NRIs - Individuals									
b) Other - Individuals									
c) Bodies Corp.									
d) Banks / FI									
e) Any Other									
<b>Sub-total (A) (2):-</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>2,009,277</b>	<b>6</b>	<b>2,009,283</b>	<b>75%</b>	<b>2,009,277</b>	<b>6</b>	<b>2,009,283</b>	<b>75%</b>	<b>NIL</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
a) Mutual Funds									
b) Banks/FI									
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FII's									
h) Foreign Venture Capital Funds									
i) Others (specify)									
<b>Sub-total (B)(1):-</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
ii) Overseas	669,762	NIL	669,762	25%	669,762	NIL	669,762	25%	NIL
b) Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh									
c) Others (specify)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
<b>Sub-total (B)(2):-</b>	<b>669,762</b>	<b>NIL</b>	<b>669,762</b>	<b>25%</b>	<b>669,762</b>	<b>NIL</b>	<b>669,762</b>	<b>25%</b>	<b>NIL</b>
<b>Total Public Shareholding (B) = (B)(1) + (B)(2)</b>	<b>669,762</b>	<b>NIL</b>	<b>669,762</b>	<b>25%</b>	<b>669,762</b>	<b>NIL</b>	<b>669,762</b>	<b>25%</b>	<b>NIL</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
<b>Grand Total (A+B+C)</b>	<b>2,679,039</b>	<b>6</b>	<b>2,679,045</b>	<b>100%</b>	<b>2,679,039</b>	<b>6</b>	<b>2,679,045</b>	<b>100%</b>	<b>NIL</b>

## ANNEXURE III

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

#### (ii) Shareholding of Promoters

SR. NO.	SHAREHOLDER'S NAME	SHAREHOLDING AT THE BEGINNING OF THE YEAR			SHARE HOLDING AT THE END OF THE YEAR			% CHANGE IN SHARE HOLDING DURING THE YEAR
		NO. OF SHARES	% OF TOTAL SHARES OF THE COMPANY	% OF SHARES PLEDGED/ ENCUMBERED TO TOTAL SHARES	NO. OF SHARES	% OF TOTAL SHARES OF THE COMPANY	% OF SHARES PLEDGED/ ENCUMBERED TO TOTAL SHARES	
1.	IDFC Limited	2,009,283	75%	NIL	NIL	NIL	NIL	(100%)
2.	IDFC Financial Holding Company Limited	NIL	NIL	NIL	2,009,283	75%	NIL	100%
<b>Total</b>		<b>2,009,283</b>	<b>75%</b>		<b>2,009,283</b>	<b>75%</b>		

#### (iii) Change in Promoters' Shareholding:

SR. NO.		SHAREHOLDING AT THE BEGINNING OF THE YEAR		CUMULATIVE SHAREHOLDING DURING THE YEAR	
		NO. OF SHARES	% OF TOTAL SHARES OF THE COMPANY	NO. OF SHARES	% OF TOTAL SHARES OF THE COMPANY
1	At the beginning of the year	2,009,283	75%	2,009,283	75%
2	Date wise Increase/ Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc.):	2,009,283 shares transferred from IDFC Limited and its nominees to IDFC Financial Holding Company Limited and its nominees on July 9, 2015	75%	2,009,283 shares transferred from IDFC Limited and its nominees to IDFC Financial Holding Company Limited and its nominees on July 9, 2015	75%
3	At the end of the year	2,009,283	75%	2,009,283	75%

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

NOT APPLICABLE

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

#### V. INDEBTEDNESS

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

#### VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL: NOT APPLICABLE

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

B. Remuneration to other directors:

IN ₹

SR. NO.	PARTICULARS OF REMUNERATION	NAME OF DIRECTORS						TOTAL AMOUNT	
		RAJIV B. LALL	PRADIP MADHAVJI	BAKUL PATEL	VISHWAVIR SARAN DAS	VIKRAM LIMAYE	ERIC WARD RAMACHANDRAN		
<b>1.</b>	<b>Independent Directors</b>								
	Fee for attending board committee meetings	NIL	100,000	100,000	185,000	NIL	NIL	100,000	485,000
	Commission	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	Others, please specify	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	<b>Total (1)</b>	<b>NIL</b>	<b>100,000</b>	<b>100,000</b>	<b>185,000</b>	<b>NIL</b>	<b>NIL</b>	<b>100,000</b>	<b>485,000</b>
<b>2.</b>	<b>Other Non-Executive Directors</b>								
	Fee for attending board committee meetings	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	Commission								
	Others, please specify								
	<b>Total (2)</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>100,000</b>	<b>NIL</b>
	<b>Total (B) = (1 + 2)</b>	<b>NIL</b>	<b>100,000</b>	<b>100,000</b>	<b>185,000</b>	<b>NIL</b>	<b>NIL</b>	<b>100,000</b>	<b>485,000</b>
	Overall Ceiling as per the Act								Refer Note

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

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD: NOT APPLICABLE

#### VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES: NIL

## ANNEXURE IV

### CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

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

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

(4)	(5)	(6)	(7)	(8)
PROJECTS OR PROGRAMS (1) LOCAL AREA OR OTHER (2) SPECIFY THE STATE AND DISTRICT WHERE PROJECTS OR PROGRAMS WAS UNDERTAKEN	AMOUNT OUTLAY (BUDGET)	AMOUNT SPENT ON THE PROJECTS OR PROGRAMS SUB HEADS : (1) DIRECT EXPENDITURE ON PROJECTS OR PROGRAMS (2) OVER HEADS	CUMULATIVE EXPENDITURE UP TO THE REPORTING PERIOD	AMOUNT SPENT : DIRECT OR THROUGH IMPLEMENTING AGENCY
Maharashtra-Mumbai		0.06	0.08	IMPLEMENTING AGENCY - IDFC FOUNDATION*
Uttarakhand - Dehradun, Nainital, Haridwar, Udham Singh Nagar and Tehri.		0.03	0.06	
Rajasthan - Alwar		0.09	0.11	
Madhya Pradesh - Hoshangabad		0.07	0.07	
Gujarat - Ahmadabad & Surat, Karnataka - Bangalore, Madhya Pradesh - Bhopal, Odisha - Bhubaneswar, Chandigarh, Tamilnadu - Chennai, Kerala - Thiruvananthapuram, Uttarakhand - Dehradun, Delhi, Andhra Pradesh - Hyderabad, Rajasthan - Jaipur, Uttar Pradesh - Kanpur & Lucknow, West Bengal - Kolkata, Punjab - Ludhiana, Maharashtra - Mumbai, Bihar - Patna, Chhattisgarh - Raipur, Jharkhand - Ranchi	0.42	0.04	0.04	
Madhya Pradesh - Hoshangabad		0.02	0.02	
	<b>0.42</b>	<b>0.31</b>	<b>0.38</b>	
Maharashtra-Mumbai		0.08	0.10	
Tamilnadu - Chennai	0.28	0.10	0.10	
Uttar Pradesh - Allahabad		0.06	0.06	
	<b>0.28</b>	<b>0.24</b>	<b>0.26</b>	
Madhya Pradesh - Hoshangabad, Harda, Khandwa, Khargone and Dhar		0.07	0.07	
Meghalaya - Across State	0.27	0.06	0.10	
Uttarakhand - Almora		0.04	0.04	
Madhya Pradesh - Hoshangabad		0.01	0.01	
	<b>0.27</b>	<b>0.18</b>	<b>0.22</b>	
All India coverage	0.97	0.31	0.43	
	<b>0.97</b>	<b>0.31</b>	<b>0.43</b>	
		1.04	1.29	
		0.09	0.12	
	<b>1.94</b>	<b>1.13</b>	<b>1.41</b>	

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

### CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

**1. A brief outline of the CSR policy of IDFC Asset Management Company Limited (“the Company”), including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.**

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

Section 135 of Companies Act, 2013 (“the Act”) read with Companies (Corporate Social Responsibility Policy) Rules 2014 requires IDFC AMC Ltd. to mandatorily spend on CSR.

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

The object of the CSR activities would seek to -

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

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

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

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

Mr. Vikram Limaye	Chairperson
Mr. V.S Das	Member - Independent Director
Ms. Anita Ramachandran	Member - Independent Director

**3. Average net profit of the company for last three financial years.** ₹ 97.27 Cr.

**4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)** ₹ 1.94 Cr.

**5. Details of CSR spent during the financial year.** ₹ 1.94 Cr.

- (a) Total amount to be spent for the financial year; ₹ 1.94 Cr.
- (b) Amount unspent, if any; NIL

# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF IDFC ASSET MANAGEMENT COMPANY LIMITED

### Report on the Financial Statements

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

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2016, its profit, and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. 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 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. 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 purpose 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, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;



## INDEPENDENT AUDITOR'S REPORT

- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" to this report;
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company 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 did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E

**per Viren H. Mehta**

Partner

Membership Number: 048749

Mumbai, April 27, 2016

## ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

Annexure referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date

Re: IDFC Asset Management Company Limited

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management, there are no immovable properties, included in fixed assets of the company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.
- (ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 4(ii) of the Order are not applicable to the Company.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable. Accordingly, the provisions of clause 3(iv) of the Order are not applicable to the Company and hence not commented upon.
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the services of the Company.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, custom duty, excise duty, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax and cess on account of any 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 demand payable on PTC trust in which the Company was one of the beneficiaries	3,03,58,620	Assessment Year 2009-10	Income Tax Appellate Tribunal
		20,32,120	Assessment Year 2010-11	

- (viii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders or government.
- (ix) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, the Company has not raised any money way of initial public offer / further public offer / debt instruments and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.

## ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the provisions of section 197 read with Schedule V of the Act is not applicable to the company and hence reporting under clause 3(xi) are not applicable and hence not commented upon.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act , 2013.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

**For S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E

**per Viren H. Mehta**

Partner

Membership Number: 048749

Mumbai, April 27, 2016

## ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

### ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF IDFC ASSET MANAGEMENT COMPANY LIMITED

#### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

##### To the Members of IDFC Asset Management Company Limited

We have audited the internal financial controls over financial reporting of IDFC Asset Management Company Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

##### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, 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 Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

##### Meaning of Internal Financial Controls Over Financial Reporting

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

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

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

##### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

##### Explanatory paragraph

We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act, the financial statements of IDFC Asset Management Company Limited, which comprise the Balance Sheet as at March 31, 2016, the related Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, and our report dated April 27, 2016 expressed an unqualified opinion thereon.

##### For S. R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E

##### per Viren H. Mehta

Partner

Membership Number: 048749

Mumbai, April 27, 2016

## BALANCE SHEET

AS AT MARCH 31, 2016

	NOTES	AS AT MARCH 31, 2016 ₹	AS AT MARCH 31, 2016 ₹	AS AT MARCH 31, 2015 ₹
<b>EQUITY AND LIABILITIES</b>				
Shareholders' funds				
(a) Share capital	4	26,790,450		26,790,450
(b) Reserves and surplus	5	1,234,484,556		855,269,993
			1,261,275,006	882,060,443
Non-current liabilities				
(a) Other long-term liabilities	6	8,974,174		8,181,769
			8,974,174	8,181,769
Current liabilities				
(a) Other current liabilities	7	53,492,873		172,164,499
(b) Short-term provisions	8	1,459,529,132		1,176,824,947
			1,513,022,005	1,348,989,446
<b>TOTAL</b>			<b>2,783,271,185</b>	<b>2,239,231,658</b>
<b>ASSETS</b>				
Non-current assets				
(a) Fixed assets				
Tangible assets	9	39,153,887		35,870,462
Intangible assets	10	9,373,417		9,042,082
			48,527,304	44,912,544
(b) Non-current investments	11	167,861,224		139,544,224
(c) Deferred tax assets (net)	12	29,587,000		29,346,000
(d) Long-term loans and advances	13	125,675,612		149,270,729
			323,123,836	318,160,953
			371,651,140	363,073,497
Current assets				
(a) Current investments	14	2,163,092,053		1,547,746,526
(b) Trade receivables	15	110,788,130		75,275,276
(c) Cash and bank balances	16	45,707,506		159,235,787
(d) Short-term loans and advances	13	92,032,356		93,900,572
			2,411,620,045	1,876,158,161
<b>TOTAL</b>			<b>2,783,271,185</b>	<b>2,239,231,658</b>
Summary of significant accounting policies	3			

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

As per our report of even date

**For S. R. Batliboi & Co. LLP**  
Chartered Accountants  
ICAI Firm Registration No. 301003E

**Viren H. Mehta**  
Partner  
(Membership No. 048749)

Mumbai | April 27, 2016

For and on behalf of the Board of Directors of  
**IDFC Asset Management Company Limited**

**Vikram Limaye**  
Director

**Nirav Shah**  
Company Secretary

**Anita Ramachandran**  
Director

# STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2016

	NOTES	YEAR ENDED MARCH 31, 2016 ₹	YEAR ENDED MARCH 31, 2015 ₹
<b>I INCOME</b>			
Revenue from operations	17	3,156,132,584	2,714,772,672
Other income	18	99,822,192	70,098,410
<b>TOTAL INCOME (I)</b>		<b>3,255,954,776</b>	<b>2,784,871,082</b>
<b>II EXPENSES</b>			
Employee benefits expense	19	563,316,234	518,485,169
Depreciation and amortisation expense	9, 10	24,588,244	37,314,609
Other expenses	20	1,040,287,027	1,108,231,243
<b>TOTAL EXPENSES (II)</b>		<b>1,628,191,505</b>	<b>1,664,031,021</b>
<b>III PROFIT BEFORE TAX (I - II)</b>		<b>1,627,763,271</b>	<b>1,120,840,061</b>
<b>IV TAX EXPENSE</b>			
Current tax		570,453,000	422,243,000
Deferred tax		(233,432)	(5,162,000)
Adjustment of tax relating to earlier periods		(42,866,226)	-
<b>TOTAL TAX EXPENSE (IV)</b>		<b>527,353,342</b>	<b>417,081,000</b>
<b>V PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS (III - IV)</b>		<b>1,100,409,929</b>	<b>703,759,061</b>
Basic and diluted earnings per equity share (Nominal value of share ₹ 10)	27	410.75	262.69
Summary of significant accounting policies	3		

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

As per our report of even date

**For S.R. Batliboi & Co. LLP**  
Chartered Accountants  
ICAI Firm Registration No. 301003E

**Viren H. Mehta**  
Partner  
(Membership No. 048749)

Mumbai | April 27, 2016

For and on behalf of the Board of Directors of  
**IDFC Asset Management Company Limited**

**Vikram Limaye**  
Director

**Nirav Shah**  
Company Secretary

**Anita Ramachandran**  
Director

## CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2016

		YEAR ENDED MARCH 31, 2016	YEAR ENDED MARCH 31, 2015
		₹	₹
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>PROFIT / (LOSS) BEFORE TAXATION</b>		1,627,763,271	1,120,840,061
<b>Adjustment for:</b>			
Add/(Less) : Depreciation and amortisation		24,588,244	37,314,609
Add/(Less) : Lease escalation charge		602,035	(599,556)
Add/(Less) : Loss on sale of Fixed assets (net of profit)		(171,742)	87,246
Add/(Less) : Profit on sale of other investments		(99,226,323)	(61,131,802)
<b>Operating profit before working capital changes</b>		1,553,555,485	1,096,510,558
<b>Changes in working capital:</b>			
(Increase)/decrease in long term loans and advances	56,866,709		19,506,518
(Increase)/decrease in trade receivables	496,095		4,775,756
(Increase)/decrease in short term loans and advances	5,224,243		24,147,931
Increase/(decrease) in other current liabilities	(119,142,818)		63,001,224
Increase/(decrease) in short term provisions	(77,027,116)		84,965,122
		(133,582,887)	196,396,551
Cash generated from/(used in) operations		1,419,972,598	1,292,907,109
Direct taxes paid (net of refund)		(554,369,871)	(336,898,719)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>(A)</b>	<b>865,602,727</b>	<b>956,008,390</b>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of fixed asset including capital work-in-progress		(27,305,157)	(28,190,070)
Sale proceeds from fixed assets		931,928	69,550
Purchase of investments		(3,392,160,182)	(3,110,936,245)
Sale proceeds on sale of investments		3,081,509,205	3,024,281,447
Investment in subsidiaries		(16,525,000)	(5,975,000)
Purchase of other investments		-	(500,000)
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>(B)</b>	<b>(353,549,206)</b>	<b>(121,250,318)</b>
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES</b>			
Dividend paid (including dividend tax)		(628,766,773)	(783,587,174)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>(C)</b>	<b>(628,766,773)</b>	<b>(783,587,174)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(A + B + C)</b>	<b>(116,713,252)</b>	<b>51,170,897</b>
Cash and cash equivalents as at beginning of the year (refer note 16)		159,235,787	108,064,890
Cash and cash equivalents of the merged company (refer note 31)		3,184,971	-
Cash and cash equivalents as at end of the year (refer note 16)		45,707,506	159,235,787
		<b>(116,713,252)</b>	<b>51,170,897</b>

Investing and Operating activities exclude non cash transactions on account of amalgamation (refer note 31)

As per our report of even date

**For S.R. Batliboi & Co. LLP**  
Chartered Accountants  
ICAI Firm Registration No. 301003E

**Viren H. Mehta**  
Partner  
(Membership No. 048749)

Mumbai | April 27, 2016

For and on behalf of the Board of Directors of  
**IDFC Asset Management Company Limited**

**Vikram Limaye**  
Director

**Nirav Shah**  
Company Secretary

**Anita Ramachandran**  
Director

## 01 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 Company provides asset management services, portfolio management and investment advisory services. IDFC Investment Advisors Limited, subsidiary of the Company, had filed a petition with the Bombay High Court on December 22, 2014 to obtain its sanction to a Scheme of Amalgamation for carrying out an amalgamation of IDFC Investment Advisors Limited with the Company.

The Amalgamation is effective from April 01, 2015 (Appointed Date) as approved by the Honorable High Court of Bombay ("High Court") vide its order dated April 18, 2015 which had been filed by the Company with the Registrar of Companies on June 23, 2015 ("Effective Date"). The said scheme of merger as approved by the High Court shall be effective from the Appointed Date but shall be operative from the Effective Date, hence the business of subsidiary has been transferred to and vested with the Holding Company on going concern basis. Also refer to note no 31.

IDFC Limited has transferred its shareholding in the Company to IDFC Financial Holding Company Limited which is a wholly owned subsidiary of IDFC Limited with effect from July 09, 2015.

## 02 BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on the accrual basis under the historical cost convention.

The accounting policies followed in the preparation of financial statements are consistent with those followed in the previous year.

## 03 SIGNIFICANT ACCOUNTING POLICIES

### A. USE OF ESTIMATES

The preparation of financial statements in conformity with Indian GAAP requires the Management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the end of reporting period. Although these estimates are based on management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

### B. INVESTMENTS

Investments which are readily realisable and intended to be held for not more than one year from the date on which such investments are made are classified as current investments. All other investments are classified as long-term investments. On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Long term investments are carried at acquisition cost. However, a provision is made for diminution other than temporary on an individual basis.

Current investments are carried in the financial statement at lower of cost or fair value on an individual investment basis.

On disposal of an investment, the difference between its carrying amount and the net disposal proceeds is charged or credited to Statement of Profit and Loss.

### C. TANGIBLE FIXED ASSETS

Fixed assets are stated at cost of acquisition, including any cost attributable for bringing the asset to its working condition for the intended use, less accumulated depreciation and accumulated losses, if any. Gains or losses arising from derecognition of fixed assets are measured as difference between the net disposal proceeds and the cost of the assets less accumulated depreciation up to the date of disposal and are recognised in the Statement of Profit and Loss when asset is derecognised. Leasehold Improvements are shown at historical cost less accumulated depreciation.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the Statement of Profit and Loss for the year during which such expenses are incurred.

The Company identifies and determines cost of each component/part of the asset separately, if the component/part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of remaining asset.

### D. DEPRECIATION ON TANGIBLE FIXED ASSETS

Depreciation on tangible fixed assets is provided on straight-line method, as per the useful life prescribed in schedule II to the Companies Act, 2013 except in case of assets costing less than ₹5,000 each, which are fully depreciated in the year of capitalization and vehicles and certain office equipments, in which case, life of asset has been internally assessed.



- Computers for 3 years
- Servers and networks for 6 years
- Furniture for 10 years
- Office Equipment for 5 years
- Vehicle for 4 years
- Leasehold improvements over the extended lease term or 5 years whichever is earlier.

Depreciation on additions during the year is provided on a pro-rata basis.

#### **E. INTANGIBLE ASSETS AND AMORTISATION**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortised over a period of three years on a straight line method. 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. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

#### **F. IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists or when annual impairment testing of an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an assets or cash generating units (CGU) net selling price and it's value in use. The recoverable amount is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted for their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset. In determining net selling price, recent market transactions are taken into account. If available, If no such transaction can be identified , an appropriate valuation model is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the Statement of Profit and Loss, except for previously revalued tangible fixed assets, where the revaluation was taken to revaluation reserve. In this case, the impairment is also recognised in the revaluation reserve up to the amount of any previous revaluation. After impairment depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount or the carrying amount that would have been determined net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Profit and Loss unless the assets is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

#### **G. REVENUE RECOGNITIONS**

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured.

Asset management fees are recognised net of service tax on an accrual basis in terms of Investment Management Agreement entered into by the Company with IDFC AMC Trustee Company Limited and in accordance with SEBI guidelines.

Income from portfolio management and advisory services is recognised at price agreed in accordance with the arrangement with the customers.

##### **Interest**

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the Statement of Profit and Loss.

##### **Dividends**

Dividend income is recognised when the Company's right to receive dividend is established at the reporting date.

#### **H. FOREIGN CURRENCY TRANSACTIONS**

##### **Initial recognition**

Foreign currency transactions are recorded in the reported currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of transactions.

**Conversion**

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of transaction. Non monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

**Exchange differences**

Exchange differences are recognised as income or as expenses in the period in which they arise.

**I. OPERATING LEASES**

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Rental charges over the term of such leases, after taking into account the escalation clause, are charged to the Statement of Profit and Loss on a straight line basis over the extended lease term.

**J. EXPENSE UNDER EMPLOYEE STOCK OPTION SCHEMES**

The Ultimate Holding Company has formulated Employee Stock Option Schemes ('the ESOS') in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ('the Guidelines'). The ESOS provides for grant of stock options to employees (including employees of subsidiary companies) to acquire equity shares of the Ultimate Holding Company that vest in a graded manner and that are to be exercised within a specified period. In accordance with the Guidelines and the Guidance Note on 'Accounting for Employees Share-based Payments' issued by the Institute of Chartered Accountants of India, the excess, if any, of the closing market price on the day prior to the date of grant of the stock options under the ESOS over the exercise price is amortised on a straight-line method over the vesting period and the cost is allocated to the Company to be charged to Statement of Profit and Loss as employee benefits expense. In case the vested/unvested stock options expire unexercised/get lapsed/cancelled, the Company credits the amount charged to the Statement of Profit and Loss.

**K. RETIREMENT AND OTHER EMPLOYEE BENEFIT**

Retirement benefit in the form of provident fund, superannuation fund and pension fund is a defined contribution scheme and are charged to the Statement of Profit and Loss as they fall due, based on the amount of contribution required to be made. The Company has no obligation, other than the contribution payable to the provident fund, superannuation fund and pension fund.

If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre payment will lead to, for example, a reduction in future payment.

The Company operates a defined plan for its employees, viz., gratuity. The cost of providing benefits under this plan is determined on the basis of actuarial valuation at each year-end which is determined using the projected unit credit method. Actuarial gains and losses for both defined benefit plans are recognised in full in the period in which they occur in the Statement of Profit and Loss.

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.

**L. PROVISIONS**

A provision is recognised when the Company has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the reporting date. These are reviewed at each reporting date and adjusted to reflect the current best estimates.

**M. INCOME TAX**

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act 1961, enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates. The tax rate and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognised directly in equity is recognised in equity and not in the Statement of Profit and Loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the Statement of Profit and Loss.

Deferred tax liabilities are recognised for all taxable timing differences. Deferred tax assets are recognised for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

**N. CONTINGENT LIABILITIES**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

**O. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents for the purpose of Cash Flow Statement comprises cash at bank, cash in hand, fixed deposits with an original maturity of three months or less.

**P. EARNING PER SHARE**

Basic earnings per share is computed by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**Q. AMALGAMATION ACCOUNTING**

The Company treats an amalgamation in the nature of merger if it satisfies all the following criteria:

- (i) All assets and liabilities of the transferor company become, after amalgamation, the assets and liabilities of the transferee Company.
- (ii) The business of the transferor company is intended to be carried on, after the amalgamation, by the transferee Company.
- (iii) The transferee Company does not intend to make any adjustment to the book values of the assets and liabilities of the transferor company, except to ensure uniformity of accounting policies.

**R. SEGMENT REPORTING**

The Company's primary business segments are reflected based on the principal business carried out, i.e. Asset Management Services, Investment Advisory and Portfolio Management Services. The risk and returns of the business of the Company is not associated with geographical segmentation, hence there is no secondary segment reporting based on geographical segment.

**04 SHARE CAPITAL**

	AS AT MARCH 31, 2016		AS AT MARCH 31, 2015	
	NUMBER	(₹)	NUMBER	(₹)
<b>AUTHORISED SHARES</b>				
Equity shares of ₹ 10 each	35,000,000	350,000,000	25,000,000	250,000,000
<b>ISSUED, SUBSCRIBED &amp; FULLY PAID-UP SHARES</b>				
Equity shares of ₹ 10 each	2,679,045	26,790,450	2,679,045	26,790,450
<b>TOTAL ISSUED, SUBSCRIBED AND FULLY PAID-UP SHARE CAPITAL</b>		<b>26,790,450</b>		<b>26,790,450</b>

Note:- Pursuant to the scheme of amalgamation by the Bombay High Court becoming effective and consequent to the amalgamation of IDFC Investment Advisors Limited, with the Company, the authorised capital has changed as laid down in the scheme.

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

	AS AT MARCH 31, 2016		AS AT MARCH 31, 2015	
	NUMBER	(₹)	NUMBER	(₹)
Outstanding at the beginning of the year	2,679,045	26,790,450	2,679,045	26,790,450
Issued during the year	-	-	-	-
<b>OUTSTANDING AT THE END OF THE YEAR</b>	<b>2,679,045</b>	<b>26,790,450</b>	<b>2,679,045</b>	<b>26,790,450</b>

**(b) Terms/rights attached to equity shares**

The Company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupee. During the year ended March 31, 2016, dividend of ₹305 per share (Previous year ₹195 per share) is recognised as amount distributable to equity shareholders. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting.

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 exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

**(c) Shares held by holding/ultimate holding company**

Out of the equity shares issued by the Company, shares held by its holding company/ultimate holding company are as below:

	AS AT MARCH 31, 2016		AS AT MARCH 31, 2015	
	NUMBER	(₹)	NUMBER	(₹)
IDFC Limited (of which 6 shares are held jointly with nominees)	-	-	2,009,283	20,092,830
IDFC Financial Holding Company Limited (of which 6 shares are held jointly with nominees)	2,009,283	20,092,830	-	-

**(d) Details of shareholders holding more than 5% of the equity shares in the Company**

	AS AT MARCH 31, 2016		AS AT MARCH 31, 2015	
	NUMBER	% OF HOLDING	NUMBER	% OF HOLDING
IDFC Limited (of which 6 shares are held jointly with nominees)	-	-	2,009,283	75.00%
IDFC Financial Holding Company Limited (of which 6 shares are held jointly with nominees)	2,009,283	75.00%	-	-
Natixis Global Asset Management Asia Pte. Limited	669,762	25.00%	669,762	25.00%

**(e) Proposed dividends on Equity shares:**

	MARCH 31, 2016	MARCH 31, 2015
	(₹)	(₹)
The board proposed dividend on equity shares after the balance sheet date		
Proposed dividend on equity shares for the year ended on March 31, 2016: ₹305 per share (previous year ₹195)	817,108,725	522,413,775

**05 RESERVES AND SURPLUS**

	AS AT MARCH 31, 2016	AS AT MARCH 31, 2015
	(₹)	(₹)
<b>(A) SECURITIES PREMIUM ACCOUNT</b>		
Opening balance	221,897,167	221,897,167
Add: Premium on issue of equity shares	-	-
<b>Closing balance</b>	<b>221,897,167</b>	<b>221,897,167</b>
<b>(B) CAPITAL REDEMPTION RESERVE</b>		
Opening balance	197,925,000	197,925,000
Add: Transferred from Statement of Profit and Loss	-	-
<b>Closing balance</b>	<b>197,925,000</b>	<b>197,925,000</b>
<b>(C) GENERAL RESERVE</b>		
Opening balance	226,815,000	156,439,000
Add: Transferred on amalgamation (refer note (a) below)	8,755,000	-
Add: Transferred from Statement of Profit and Loss	110,041,000	70,376,000
<b>Closing balance</b>	<b>345,611,000</b>	<b>226,815,000</b>
<b>(D) SURPLUS IN THE STATEMENT OF PROFIT AND LOSS</b>		
Opening balance	208,632,826	204,016,537
Add: Transfer on amalgamation (refer note (a) below)	253,505,356	-
Profit for the year	1,100,409,929	703,759,061
Less: Appropriations		
General reserve	110,041,000	70,376,000
Proposed dividend on equity shares [₹305 per share (Previous year ₹195 per share)]	817,108,725	522,413,775
Tax on proposed equity dividend	166,346,997	106,352,997
Total appropriations	1,093,496,722	699,142,772
<b>Net surplus in the Statement of Profit and Loss</b>	<b>469,051,389</b>	<b>208,632,826</b>
<b>TOTAL</b>	<b>1,234,484,556</b>	<b>855,269,993</b>

(a) Represents amount pertaining to IDFC Investment Advisors Limited transferred on amalgamation (refer note 31).

**06 OTHER LONG-TERM LIABILITIES**

	AS AT MARCH 31, 2016 (₹)	AS AT MARCH 31, 2015 (₹)
Lease equalisation	8,974,174	8,181,769
	<b>8,974,174</b>	<b>8,181,769</b>

**07 OTHER CURRENT LIABILITIES**

	AS AT MARCH 31, 2016 (₹)	AS AT MARCH 31, 2015 (₹)
Lease equalisation	1,296,991	1,487,361
Statutory dues payable	27,889,172	15,293,557
Other payables (read with note 30)	24,306,710	155,383,581
	<b>53,492,873</b>	<b>172,164,499</b>

**08 SHORT TERM PROVISIONS**

	AS AT MARCH 31, 2016 (₹)	AS AT MARCH 31, 2015 (₹)
Other short term provisions (read with note 30)	382,523,184	445,560,763
Provision for gratuity [(net of receivable from fund) read with note 23]	13,344,985	227,463
<b>Other Provisions</b>		
Provision for income tax (Net of advance tax of ₹1,016,534,845; Previous year ₹734,466,804)	80,205,242	102,269,949
Proposed equity dividend	817,108,725	522,413,775
Tax on proposed equity dividend	166,346,996	106,352,997
	<b>1,459,529,132</b>	<b>1,176,824,947</b>

**09 TANGIBLE ASSETS**

	GROSS BLOCK					ACCUMULATED DEPRECIATION					NET BLOCK	
	BALANCE AS AT APRIL 1, 2015 (₹)	ADJUSTMENT (SEE NOTE BELOW) (₹)	ADDITIONS (₹)	DISPOSALS (₹)	BALANCE AS AT MARCH 31, 2016 (₹)	BALANCE AS AT APRIL 1, 2015 (₹)	ADJUSTMENT (SEE NOTE BELOW) (₹)	DEPRECIATION CHARGE FOR THE YEAR (₹)	ON DISPOSALS (₹)	BALANCE AS AT MARCH 31, 2016 (₹)	BALANCE AS AT MARCH 31, 2016 (₹)	BALANCE AS AT MARCH 31, 2015 (₹)
Leasehold improvements	79,474,000	-	2,561,582	-	82,035,582	75,676,658	-	2,650,225	-	78,326,883	3,708,699	3,797,342
Furniture and fixtures	20,222,236	299,632	1,368,729	-	21,890,597	11,713,215	170,017	2,064,369	-	13,947,601	7,942,996	8,509,021
Office equipment	45,081,419	869,147	3,646,886	125,500	49,471,952	37,760,740	795,902	4,403,908	117,223	42,843,327	6,628,625	7,320,679
Computers	51,603,990	1,266,010	9,314,570	2,264,727	59,919,843	42,799,718	1,129,145	6,134,559	2,262,257	47,801,165	12,118,678	8,804,272
Vehicles	9,953,208	-	5,066,514	975,944	14,043,778	2,514,060	-	3,001,333	226,504	5,288,889	8,754,889	7,439,148
<b>TOTAL</b>	<b>206,334,853</b>	<b>2,434,789</b>	<b>21,958,281</b>	<b>3,366,171</b>	<b>227,361,752</b>	<b>170,464,391</b>	<b>2,095,064</b>	<b>18,254,394</b>	<b>2,605,984</b>	<b>188,207,865</b>	<b>39,153,887</b>	<b>35,870,462</b>
Previous year	197,108,424	-	20,204,070	10,977,641	206,334,853	149,591,952	-	31,693,287	10,820,848	170,464,391	35,870,462	

**10 INTANGIBLE ASSETS**

	GROSS BLOCK					ACCUMULATED DEPRECIATION					NET BLOCK	
	BALANCE AS AT APRIL 1, 2015 (₹)	ADJUSTMENT (SEE NOTE BELOW) (₹)	ADDITIONS (₹)	DISPOSALS (₹)	BALANCE AS AT MARCH 31, 2016 (₹)	BALANCE AS AT APRIL 1, 2015 (₹)	ADJUSTMENT (SEE NOTE BELOW) (₹)	DEPRECIATION CHARGE FOR THE YEAR (₹)	ON DISPOSALS (₹)	BALANCE AS AT MARCH 31, 2016 (₹)	BALANCE AS AT MARCH 31, 2016 (₹)	BALANCE AS AT MARCH 31, 2015 (₹)
Computer software	51,142,157	8,236,301	5,346,876	-	64,725,334	42,100,075	6,917,992	6,333,850	-	55,351,917	9,373,417	9,042,082
<b>TOTAL</b>	<b>51,142,157</b>	<b>8,236,301</b>	<b>5,346,876</b>	<b>-</b>	<b>64,725,334</b>	<b>42,100,075</b>	<b>6,917,992</b>	<b>6,333,850</b>	<b>-</b>	<b>55,351,917</b>	<b>9,373,417</b>	<b>9,042,082</b>
Previous year	43,156,157	-	7,986,000	-	51,142,157	36,478,753	-	5,621,322	-	42,100,075	9,042,082	
<b>TOTAL TANGIBLE &amp; INTANGIBLE ASSETS</b>	<b>257,477,010</b>	<b>10,671,090</b>	<b>27,305,157</b>	<b>3,366,171</b>	<b>292,087,086</b>	<b>212,564,466</b>	<b>9,013,056</b>	<b>24,588,244</b>	<b>2,605,984</b>	<b>243,559,782</b>	<b>48,527,304</b>	<b>44,912,544</b>
Previous year	240,264,581	-	28,190,070	10,977,641	257,477,010	186,070,705	-	37,314,609	10,820,848	212,564,466	44,912,544	

Note: Represents assets pertaining to IDFC Investment Advisors Limited transferred on amalgamation (refer note 31).

**11 NON-CURRENT INVESTMENTS (TRADE, AT COST UNLESS STATED OTHERWISE)**

	FACE VALUE (₹)	AS AT MARCH 31, 2016		AS AT MARCH 31, 2015	
		QUANTITY	(₹)	QUANTITY	(₹)
<b>Unquoted equity shares (fully paid)</b>					
<b>Investment in subsidiaries (unquoted)</b>					
IDFC Investment Advisors Limited (Merged w.e.f. April 01, 2015)	10	-	-	10,000,000	100,000,000
IDFC Investment Managers (Mauritius) Limited	62	407,290	25,069,224	157,290	8,544,224
			25,069,224		108,544,224
<b>Investment in Equity Shares (unquoted)</b>					
MF Utilities India Private Limited	1	500,000	500,000	500,000	500,000
			500,000		500,000
<b>Investment in Preference Shares (unquoted)</b>					
0% Moser Baer Solar Limited (optionally convertible)	10	61,290,000	500,000	61,290,000	500,000
			500,000		500,000
<b>Investments in Venture Capital Units (Unquoted)</b>					
IDFC Spice Fund*		10,000	10,000	-	-
			10,000		-
* Represents assets pertaining to IDFC Investment Advisors Limited transferred on amalgamation (refer note 31).					
<b>Investment in mutual funds (quoted)</b>					
IDFC Yearly Series Interval Fund Direct Plan-Series I-Growth	420,066		5,000,000	420,066	5,000,000
IDFC Yearly series Interval Fund Direct Plan-Series II-Growth	417,199		5,000,000	417,199	5,000,000
IDFC Yearly series Interval Fund Direct Plan-Series III-Growth	416,084		5,000,000	416,084	5,000,000
			15,000,000		15,000,000
Aggregate amount of investments in quoted mutual funds					
Cost			15,000,000		15,000,000
Market value (Net asset value)			16,534,167		15,204,046
<b>Investment in mutual funds (unquoted)</b>					
IDFC Super Saver Income Fund-Medium Term Plan-Growth-Direct Plan	241,765		5,000,000	241,765	5,000,000
IDFC Dynamic Bond Fund-Growth-Direct Plan	348,029		5,000,000	348,029	5,000,000
IDFC Dynamic Equity Fund-Direct Plan-Growth	500,000		5,000,000	500,000	5,000,000
IDFC Government Securities Fund-Provident Fund-Growth-Direct Plan	204,552		5,000,000	-	-
IDFC Classic Equity Fund-Growth-Direct Plan	156,504		5,000,000	-	-
IDFC Premier Equity Fund-Growth-Direct Plan	68,914		5,000,000	-	-
IDFC Imperial Equity Fund-Growth-Direct Plan	180,629		5,000,000	-	-
IDFC Equity Fund-Growth-Direct Plan	204,679		5,000,000	-	-
IDFC Arbitrage Fund-Growth-Direct Plan	268,680		5,000,000	-	-
IDFC Sterling Equity Fund-Growth-Direct Plan	137,398		5,000,000	-	-
IDFC Arbitrage Plus Fund-Growth-Direct Plan	216,200		3,540,000	-	-
IDFC Tax Advantage (ELSS) Fund-Growth-Direct Plan	124,904		5,000,000	-	-
IDFC Asset Allocation Fund of Fund-Conservative Plan-Direct Plan-Growth	79,529		1,280,000	-	-
IDFC Asset Allocation Fund of Fund-Moderate Plan-Direct Plan-Growth	215,738		3,720,000	-	-
IDFC Asset Allocation Fund of Fund-Aggressive Plan-Direct Plan-Growth	201,531		3,610,000	-	-
IDFC Monthly Income Plan-Growth-Direct Plan	296,653		5,000,000	-	-
IDFC Nifty Fund-Growth-Direct Plan	98,659		1,620,000	-	-
IDFC Infrastructure Fund-Growth-Direct Plan	423,920		4,970,000	-	-
IDFC Banking Debt Fund-Direct Plan-Growth	414,120		5,000,000	-	-

**11 NON-CURRENT INVESTMENTS (TRADE, AT COST UNLESS STATED OTHERWISE) (continued)**

	FACE VALUE (₹)	AS AT MARCH 31, 2016		AS AT MARCH 31, 2015	
		QUANTITY	(₹)	QUANTITY	(₹)
IDFC Money Manager Fund-Investment Plan-Growth-Direct Plan		228,005	5,000,000	-	-
IDFC All Seasons Bond Fund-Direct Plan-Growth		110,773	2,430,000	-	-
IDFC Ultra Short Term Fund-Direct Plan-Growth		253,691	5,000,000	-	-
IDFC Government Securities Fund-Investment Plan-Growth-Direct Plan		295,440	5,000,000	-	-
IDFC Cash Fund-Growth-Direct Plan		2,921	5,000,000	-	-
IDFC Money Manager Fund-Treasury Plan-Growth-Direct Plan		224,028	5,000,000	-	-
IDFC Government Securities Fund-Short Term Plan-Growth-Direct Plan		30,313	612,000	-	-
IDFC Super Saver Income Fund-Investment Plan-Growth-Direct Plan		143,738	5,000,000	-	-
IDFC Super Saver Income Fund-Short Term Plan-Growth-Direct Plan		171,318	5,000,000	-	-
IDFC Corporate Bond Fund-Direct Plan-Growth		500,000	5,000,000	-	-
			<b>126,782,000</b>		<b>15,000,000</b>
Aggregate amount of investments in unquoted mutual funds					
Cost			126,782,000		15,000,000
Market value (Net asset value)			131,925,353		17,194,285
Market value of investments in unquoted mutual funds represents the repurchase price of the units issued by the mutual funds.					
<b>TOTAL NON-CURRENT INVESTMENTS</b>			<b>167,861,224</b>		<b>139,544,224</b>

**12 DEFERRED TAX ASSET (NET)**

	AS AT MARCH 31, 2016		AS AT MARCH 31, 2015	
	(₹)	(₹)	(₹)	(₹)
Deferred tax asset				
(a) Provisions: Lease equalisation	3,555,000		3,287,000	
(b) Fixed assets: Impact of difference between tax depreciation and depreciation / amortisation charged for the financial reporting *	26,032,000		26,059,000	
		29,587,000		29,346,000
<b>DEFERRED TAX ASSET (NET)</b>		<b>29,587,000</b>		<b>29,346,000</b>

\* Includes assets pertaining to IDFC Investment Advisors Limited transferred on amalgamation (refer note 31).

**13 LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD)**

	AS AT MARCH 31, 2016		AS AT MARCH 31, 2015	
	(₹)	(₹)	(₹)	(₹)
	NON-CURRENT	CURRENT	NON-CURRENT	CURRENT
Advances to employees	-	1,793,111	-	535,622
Loans and advances to related parties	-	318,119	-	-
Other receivables	-	538,621	-	102,347
Security deposits	70,687,205	28,667,725	103,606,065	1,035,685
Capital/supplier advances	4,437,963	3,806,319	722,721	3,992,230
Other loans and advances				
Advance tax (Net of provision ₹894,263,262; Previous year ₹557,664,848)	48,104,974	-	14,553,215	-
Fringe benefit tax (Net of provision ₹13,053,367; Previous year ₹12,072,000)	86,646	-	366,813	-
Balances with government authorities - Service tax credit receivable	-	16,578,363	-	14,005,057
Prepaid expenses	2,358,824	40,330,098	30,021,915	74,229,631
	<b>125,675,612</b>	<b>92,032,356</b>	<b>149,270,729</b>	<b>93,900,572</b>

**14 CURRENT INVESTMENTS**

	AS AT MARCH 31, 2016		AS AT MARCH 31, 2015	
	QUANTITY	(₹)	QUANTITY	(₹)
<b>Investment in mutual funds (unquoted)</b>				
IDFC Dynamic Bond Fund-Growth-(Regular Plan)	-	-	11,275,107	147,793,756
IDFC Dynamic Bond Fund-Growth-(Direct Plan)*	62,006,091	965,625,640	25,429,149	358,369,125
IDFC Ultra Short Term Fund-Growth-(Direct Plan)	4,668,264	97,000,000	2,425,590	44,213,230
IDFC Cash Fund-Growth-(Direct plan)*	305,265	554,380,717	405,591	679,654,166
IDFC Super Saver Income Fund-Medium Term Plan-Growth-(Direct Plan)	2,973,715	61,500,000	2,973,715	61,500,000
IDFC Super Saver Income Fund-Short Term Plan-Growth-(Direct Plan)*	777,529	20,000,000	-	-
IDFC Corporate Bond Fund-Growth-(Direct Plan)	20,000,000	200,000,000	-	-
		<b>1,898,506,357</b>		<b>1,291,530,277</b>
Aggregate amount of investments in unquoted mutual funds				
Cost		1,898,506,357		1,291,530,277
Market value (Net asset value)		2,105,604,664		1,439,894,115
Market value of investments in unquoted mutual funds represents the repurchase price of the units issued by the mutual funds.				
* Includes investments held by IDFC Investment Advisors Limited prior to merger (refer note 31).				
<b>Investment in mutual funds (quoted)</b>				
IDFC Fixed Term Plan Series 49 Direct Plan-Growth	5,000,000	50,000,000	5,000,000	50,000,000
IDFC Fixed Term Plan Series 54 Direct Plan-Growth	1,000,000	10,000,000	1,000,000	10,000,000
IDFC Fixed Term Plan Series 52 Direct Plan-Growth	1,371,625	13,716,249	1,371,625	13,716,249
IDFC Fixed Term Plan Series 66 Direct Plan-Growth	5,836,945	58,369,447	6,500,000	65,000,000
IDFC Fixed Term Plan Series 74 Direct Plan-Growth (411 Days)	3,000,000	30,000,000	3,000,000	30,000,000
IDFC Fixed Term Plan Series 78 Direct Plan-Growth (366 Days)	6,000,000	60,000,000	6,000,000	60,000,000
IDFC Fixed Term Plan Series 97 Direct Plan-Growth (366 Days)	2,750,000	27,500,000	2,750,000	27,500,000
IDFC Yearly series Interval Fund Direct Plan-Series I-Growth*	1,379,602	15,000,000	-	-
		<b>264,585,696</b>		<b>256,216,249</b>
Aggregate amount of investments in quoted mutual funds				
Cost		264,585,696		256,216,249
Market value (Net asset value)		318,388,601		284,051,709
<b>TOTAL CURRENT INVESTMENTS</b>		<b>2,163,092,053</b>		<b>1,547,746,526</b>

\* Includes investments held by IDFC Investment Advisors Limited prior to merger (refer note 31).

**15 TRADE RECEIVABLES (UNSECURED, CONSIDERED GOOD)**

	AS AT MARCH 31, 2016		AS AT MARCH 31, 2015	
	(₹)	(₹)	(₹)	(₹)
	NON-CURRENT	CURRENT	NON-CURRENT	CURRENT
Outstanding for a period less than six months	-	110,788,130	-	75,275,276
		<b>-</b>		<b>75,275,276</b>

**16 CASH AND BANK BALANCES**

	AS AT MARCH 31, 2016		AS AT MARCH 31, 2015	
	(₹)	(₹)	(₹)	(₹)
	NON-CURRENT	CURRENT	NON-CURRENT	CURRENT
Cash and cash equivalents				
Balances with banks:				
In current accounts	-	45,707,506	-	159,235,787
		<b>-</b>		<b>159,235,787</b>



**17 REVENUE FROM OPERATIONS**

	YEAR ENDED MARCH 31, 2016	YEAR ENDED MARCH 31, 2015
	(₹)	(₹)
Management fees (Net of service tax ₹424,012,003; Previous year ₹335,545,925)	3,046,932,643	2,714,772,672
Portfolio management fees	88,252,473	-
Advisory fees	20,947,468	-
	<b>3,156,132,584</b>	<b>2,714,772,672</b>

**18 OTHER INCOME**

	YEAR ENDED MARCH 31, 2016	YEAR ENDED MARCH 31, 2015
	(₹)	(₹)
Interest on income tax refund	-	8,626,035
Other interest	36,693	-
Net gain/loss on sale of current investments	99,226,323	61,131,802
Profit on sale of fixed assets (net)	171,742	-
Miscellaneous income	387,434	340,573
	<b>99,822,192</b>	<b>70,098,410</b>

**19 EMPLOYEE BENEFITS EXPENSE**

	YEAR ENDED MARCH 31, 2016	YEAR ENDED MARCH 31, 2015
	(₹)	(₹)
Salaries and bonus	510,081,591	469,609,494
Contribution to provident and other funds (refer note 23)	35,447,973	30,394,781
ESOP compensation cost	-	(785,474)
Staff welfare expenses	17,786,670	19,266,368
<b>TOTAL</b>	<b>563,316,234</b>	<b>518,485,169</b>

(a) Salaries and bonus includes shortfall of bonus provision for year ended March 31, 2015 of ₹2,550,000 on account of change in estimate in provision of bonus.

**20 OTHER EXPENSES**

	YEAR ENDED MARCH 31, 2016	YEAR ENDED MARCH 31, 2015
	(₹)	(₹)
Rent	107,156,317	103,281,260
Rates & taxes	2,305,656	1,071,404
Electricity	13,488,675	12,151,009
Repairs and maintenance		
Equipments	2,587,523	3,781,402
Others	36,432,092	32,638,868
Insurance charges	1,032,551	1,148,437
Travelling and conveyance	25,349,489	21,698,938
Printing and stationery	23,366,378	15,195,811
Communication costs	31,378,537	29,538,476
Advertising and publicity	89,034,027	53,479,031
Listing & rating Fees	2,394,106	1,406,892
Loss on sale of fixed assets (net)	-	87,246
Professional fees	108,822,214	83,463,060
Directors' sitting fees	485,000	540,000
Membership and subscription	41,694,429	29,064,990
Computer Software Expenses	13,996,218	10,651,322

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2016

	YEAR ENDED MARCH 31, 2016	YEAR ENDED MARCH 31, 2015
	(₹)	(₹)
Auditors' remuneration (refer note (a) below)	2,291,781	1,279,393
Scheme issue expenses (refer note (b) below)	60,912,846	161,562,151
Shared service cost (refer note (e) below)	12,229,176	5,507,757
Operational costs (refer note (d) below)	435,806,163	521,838,551
Contribution to IDFC Foundation towards corporate social responsibility expenses	19,408,000	13,000,000
Miscellaneous expenses	10,115,849	5,845,245
	<b>1,040,287,027</b>	<b>1,108,231,243</b>

(a) Break up of auditors' remuneration:

	YEAR ENDED MARCH 31, 2016	YEAR ENDED MARCH 31, 2015
	(₹)	(₹)
Audit fee	1,245,000	650,000
Tax audit fee	300,000	300,000
Other services	665,000	291,147
Out of pocket expenses	81,781	38,246
	<b>2,291,781</b>	<b>1,279,393</b>

(b) Scheme issue expenses are the expenses incurred by the Company towards launching of schemes and plans of IDFC Mutual Fund during the year.

(c) Expenses incurred on behalf of schemes of IDFC Mutual Fund are charged to the Statement of Profit and Loss unless considered recoverable from schemes.

(d) Operational costs amongst other include expenses which are incurred by mutual fund schemes over and above the expense limits prescribed by SEBI, interest charged by bank to the Mutual Fund on account of temporary borrowings or overdrafts and payments made to investors of Mutual Fund on account of delay in payment of redemption proceeds which are borne by the Company.

(e) Shared service cost represents reimbursement to holding company/fellow subsidiary under a shared service agreement (Net of recoveries ₹Nil; Previous year ₹3,685,733 )

### 21 EXPENDITURE IN FOREIGN CURRENCIES (ON ACCRUAL BASIS)

	YEAR ENDED MARCH 31, 2016	YEAR ENDED MARCH 31, 2015
	(₹)	(₹)
Advertising - Media	16,665,846	2,179,554
Foreign travel	260,312	97,825
Other professional fees	9,370,390	955,046

### 22 EARNINGS IN FOREIGN CURRENCIES (ON ACCRUAL BASIS)

	YEAR ENDED MARCH 31, 2016	YEAR ENDED MARCH 31, 2015
	(₹)	(₹)
Advisory Fees - Absolute Asia Asset Management Limited	20,947,468	-

23 In accordance with Accounting Standard 15 on 'Employee Benefits' the following disclosures have been made:

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

	MARCH 31, 2016	MARCH 31, 2015
	(₹)	(₹)
Provident fund	16,286,141	14,019,278
Superannuation fund	1,111,721	1,200,203
Pension fund	2,127,875	1,657,500
Labour welfare fund	478	210

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

	MARCH 31, 2016	MARCH 31, 2015
	(₹)	(₹)
<b>CHANGE IN THE DEFINED BENEFIT OBLIGATIONS:</b>		
Liability at the beginning of the year	47,753,657	34,829,206
Current service cost	9,542,197	8,236,989
Interest cost	4,190,297	3,539,153
Liabilities extinguished on settlement	-	-
Liabilities assumed on acquisition / (settled on divestiture)	4,252,725	113,345
Benefits paid	(7,982,591)	(4,234,922)
Actuarial Losses / (Gain)	5,598,917	5,269,886
Past Service Cost	-	-
Closing Defined Benefit Obligation	63,355,202	47,753,657
Unrecognised Past Service Cost	-	-
Liability at the end of the year	63,355,202	47,753,657
<b>FAIR VALUE OF PLAN ASSETS:</b>		
Fair value of plan assets at the beginning of the year	46,642,243	32,116,168
Expected return on plan assets	4,129,931	2,549,912
Contributions	1,111,414	15,119,214
Benefits paid	(7,982,591)	(4,234,922)
Actuarial gain / (loss) on plan assets	(524,771)	1,091,871
Unrecognised past service cost	-	-
Assets acquired on acquisition	5,448,080	-
Fair value of plan assets at the end of the year	48,824,306	46,642,243
Total actuarial loss / (gain) to be recognised	6,123,688	4,178,015
<b>ACTUAL RETURN ON PLAN ASSETS:</b>		
Expected return on plan assets	4,129,931	2,549,912
Actuarial gain / (loss) on plan assets	(524,771)	1,091,871
Actual return on plan assets	3,605,160	3,641,783
<b>AMOUNT RECOGNISED IN THE BALANCE SHEET:</b>		
Liability at the end of the year	63,355,202	47,753,657
Fair value of plan assets at the end of the year	(48,824,306)	(46,642,243)
Amount recognised in the balance sheet under "Provision for employee benefits"	14,530,896	1,111,414
Amount receivable recognised in the balance sheet under "Provision for employee benefits"	(1,185,911)	(883,951)
<b>EXPENSE RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS:</b>		
Current service cost	9,542,197	8,236,989
Interest cost	4,190,297	3,539,153
Expected return on plan assets	(4,129,931)	(2,549,912)
Net actuarial loss / (gain) to be recognised	6,123,688	4,178,015
Past Service Cost	-	-
Loss/(Gains) on Acquisition / Divestiture	(1,195,355)	113,345
Expense recognised in the Statement of Profit and Loss under 'Employee benefits expense'	14,530,896	13,517,590
<b>RECONCILIATION OF THE LIABILITY RECOGNISED IN THE BALANCE SHEET:</b>		
Opening net Liability	1,111,414	2,713,038
Expense recognised	14,530,896	13,517,590
Contribution by the Company	(1,111,414)	(15,119,214)
Amount recognised in the balance sheet under "Gratuity"	14,530,896	1,111,414
Expected employer's contribution next year	10,000,000	7,000,000

**Experience adjustments:**

	MARCH 31, 2016	MARCH 31, 2015	MARCH 31, 2014	MARCH 31, 2013	MARCH 31, 2012
	(₹)	(₹)	(₹)	(₹)	(₹)
Defined benefit obligation	63,355,202	47,753,657	34,829,206	25,897,310	18,716,760
Plan assets	48,824,306	46,642,243	32,116,168	25,897,310	-
Surplus/(deficit)	(14,530,896)	(1,111,414)	(2,713,038)	-	(18,716,760)
Exp. Adj. on Plan Liabilities	5,998,246	2,320,620	3,130,977	(782,789)	1,136,092
Exp. Adj. on Plan Assets	(524,771)	1,091,871	(753,684)	3,863,873	-

	MARCH 31, 2016	MARCH 31, 2015
	(%)	(%)
<b>Investment pattern:</b>		
Insurer managed funds	100.00	100.00
Principal assumptions:		
Discount rate (p.a.)	8.00	7.90
Expected rate of return on assets (p.a.)	9.00	9.00
Salary escalation rate (p.a.)	8.00	8.00

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

**24** The Company is engaged in the business of providing Asset Management Services, Investment Advisory and Portfolio Management Services. During the year ended March 31, 2016 the Company was engaged in only one business segment and no geographical segment and as such there are no separate reportable segments, as required by Accounting Standard 17 on 'Segment Reporting'.

**25 RELATED PARTY DISCLOSURES**

As per the Accounting Standard 18 on "Related Party Disclosures" the related parties of the Company are as follows:

Names of the related parties where control exists irrespective of whether transactions have been occurred or not:

**I. Ultimate Holding Company:**

IDFC Limited (w.e.f. July 9, 2015)

**II. Holding Company:**

IDFC Limited (upto July 8, 2015)

IDFC Financial Holding Company Limited (w.e.f. July 9, 2015)

**III. Subsidiaries:**

IDFC Investment Advisors Limited (upto March 31, 2015)

IDFC Investment Managers (Mauritius) Limited

Names of the related parties with which there are transactions during the year:

**IV. Fellow Subsidiaries**

IDFC AMC Trustee Company Limited

IDFC Foundation

IDFC Bank Limited

**V. Associates**

Uttarakhand Infrastructure Development Company Limited

**VI. Key management personnel:**

Mr. Naval Bir Kumar - Vice Chairman (upto October 31, 2015)

Mr. Kalpen Parekh - Chief Executive Officer

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

		MARCH 31, 2016	MARCH 31, 2015
		(₹)	(₹)
<b>I. Holding Company/Ultimate Holding Company:</b>			
IDFC Limited	Reimbursement of expenses	2,817,316	9,619,961
	Purchase of preference shares	-	500,000
	Shared service cost paid	3,125,256	9,193,490
	Recovery of expenses / cost of asset	243,219	1,433,022
	ESOP cost recovery on cancellation	-	785,474
<b>II. Subsidiaries:</b>			
IDFC Investment Advisors Limited (upto March 31, 2015)	Recovery of expenses	-	3,050,157
	Business centre fees recovered	-	2,676,000
IDFC Investment Managers (Mauritius) Limited	Purchase of equity shares	16,525,000	5,975,000
<b>III. Fellow Subsidiaries:</b>			
IDFC AMC Trustee Company Limited	Recovery of expenses	318,356	193,544
IDFC Foundation	Business centre fees recovered	-	999,733
	CSR Contribution	19,408,000	13,000,000
IDFC Bank Limited	Reimbursement of expenses	2,777,150	-
	Shared service cost paid	9,103,920	-
	Recovery of expenses	1,712,397	-
	Balance receivable	318,119	-
	Current Account Balance	2,680,832	-
	Current Account Balance (Investor Education and Awareness)	3,137,428	-
<b>IV. Associates:</b>			
Uttarakhand Infrastructure Development Company Limited	Purchase of fixed assets	-	12,398
<b>V. Key Management Personnel:</b>			
	Remuneration paid	61,508,369	71,372,203
	Reimbursement of business expenses	49,854	273,463

**26** In accordance with Accounting Standard 19 on 'Leases' the following disclosures in respect of operating leases are made:

i. The Company has taken vehicles for two employees under cancellable operating leases which is included under salaries as follows:

NAME OF THE LESSOR	LATEST EXPIRY DATE	MARCH 31, 2016	MARCH 31, 2015
		(₹)	(₹)
ALD Automative Private Limited	September 2016	1,132,044	808,024

The total future minimum lease payments under cancellable operating lease for each of the periods is given below:

	MARCH 31, 2016	MARCH 31, 2015
	(₹)	(₹)
Not later than one year	120,880	260,580
Later than one year and not later than five years	-	120,880

ii. The Company has entered into cancellable as well as non-cancellable leasing arrangements for office premises at various locations in India generally for a period of 36 months. As per the term of the lease all maintenance charges and municipal levies are borne by the lessee.

The total future minimum lease payments under non-cancellable operating lease for each of the periods is given below:

	MARCH 31, 2016	MARCH 31, 2015
	(₹)	(₹)
Not later than one year	78,762,686	78,769,417
Later than one year and not later than five years	220,489,671	293,909,749

The terms of renewal and escalation clauses are those normally prevalent in similar agreements.

**27** In accordance with Accounting Standard 20 on 'Earnings Per Share':

'The basic / diluted earnings per share has been calculated based on the following:

	MARCH 31, 2016	MARCH 31, 2015
	(₹)	(₹)
Net profit after tax	1,100,409,929	703,759,061
Net amount available for equity shareholders	1,100,409,929	703,759,061
Weighted average number of equity shares (Nos.)	2,679,045	2,679,045
Basic and diluted earnings per equity share (₹)	410.75	262.69

## 28 CAPITAL AND OTHER COMMITMENTS

Estimated amount of contracts remaining to be executed and not provided for ₹8,959,646 (Previous year ₹6,387,441).

## 29 CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF :

	MARCH 31, 2016	MARCH 31, 2015
	(₹)	(₹)
(a) Claims not acknowledged as debts in respect of :		
i Reversal of Cenvat credit under protest.	6,481,420	1,841,159
(b) Income Tax demand on Mutual Fund on account of non-payment of tax on income from pass through certificates by the issuing trust.	4,860,729	4,860,729

**30** As per information available with the Company, there are no micro, small or medium enterprises as defined in 'The Micro, Small and Medium Enterprises Development Act, 2006', to whom the Company owes dues on account of principal amount together with interest and accordingly no additional disclosures have been made. The above information regarding micro, small and medium enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company and relied upon by the auditors.

## 31 ACCOUNTING FOR AMALGAMATION

The Honorable High Court of Bombay, on April 18, 2015, sanctioned a scheme of amalgamation (the scheme) under sections 391 to 394 of the Companies Act, 1956. In terms of the Scheme, IDFC Investment Advisors Limited (Transferor Company) has been amalgamated with the Company (Transferee Company) with effect from June 23, 2015 having Appointed date April 01, 2015, upon which the entire business, including all assets and liabilities of the Transferor Company stands transferred to and vested in the Transferee Company. The amalgamation has been accounted under the pooling of interest method and the transfer of assets and liabilities have been recorded at their book value.

	AS AT MARCH 31, 2016	
	(₹)	(₹)
<b>VALUE OF ASSETS AND LIABILITIES ACQUIRED:</b>		
<b>Non current assets</b>		
(a) Fixed assets		
Tangible assets	339,725	
Intangible assets	1,318,309	1,658,034
(b) Non-current investments	10,000	
(c) Deferred tax assets (net)	7,568	
(d) Long-term loans and advances	29,114,477	29,132,045
<b>Current assets</b>		
(a) Current investments	317,250,224	
(b) Trade receivables	36,008,950	
(c) Cash and bank balances	3,184,971	
(d) Short-term loans and advances	3,356,027	359,800,172
<b>Current liabilities</b>		
(a) Other current liabilities	661,562	
(b) Short-term provisions	27,668,332	28,329,894
		362,260,357
Less:		
Carrying value of investments in the Transferor Company	100,000,000	
Reserves and Surplus of transferor company (including General Reserve)	262,260,357	362,260,357

**32** As per the provisions of the Section 135 of the Companies Act, 2013, the Company is required to contribute ₹19,407,794 (Previous year ₹12,983,727) during the financial year towards Corporate Social Responsibility. The Company has contributed ₹19,408,000 (Previous year ₹13,000,000) to IDFC Foundation.

**33 NET DIVIDEND REMITTED IN FOREIGN EXCHANGE**

YEAR OF REMITTANCE (ENDING ON)	MARCH 31, 2016	MARCH 31, 2015
Period to which it relates	April 01, 2014 to March 31, 2015	April 01, 2013 to March 31, 2014
Number of non-resident shareholders	1	1
Number of equity shares held on which dividend was due	669,762	669,762
Amount remitted (in USD)	2,029,582	2,676,051
Amount remitted (in INR)	130,603,590	167,440,500

**34 EMPLOYEE STOCK OPTIONS**

During the year ended March 31, 2016, Employee Stock Option Scheme ('ESOS') were granted by IDFC Limited (Ultimate Holding Company) to the employees of the Company. The exercise price of these ESOS was market price, thus no cost has been allocated to the Company.

**35** The figures for the previous year are strictly not comparable to the figures for the current year due to amalgamation of IDFC Investment Advisors Limited with the Company with effect from June 23, 2015 having Appointed date April 01, 2015 vide High Court Order dated April 18, 2015.

# INDEPENDENT AUDITOR'S REPORT

## INDEPENDENT AUDITOR'S REPORT

To the Members of IDFC Asset Management Company Limited

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of IDFC Asset Management Company Limited (hereinafter referred to as "the Holding Company") its subsidiary (together referred to as "the Group"), comprising of the consolidated Balance Sheet as at March 31, 2016, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated financial statements').

### Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms with the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph (a) of the Other Matters below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group, as at March 31, 2016, their consolidated profit and their consolidated cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

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 purpose of our audit of the aforesaid consolidated financial statements; and
- (b) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (c) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Holding Company and its subsidiary company, since the subsidiary company is not incorporated in India, no separate report on internal financial controls over financial reporting of the Holding Company is being issued.

### Other Matter

The accompanying consolidated financial statements include total assets of ₹ 1,81,86,750 as at March 31, 2016, and total revenues and loss before tax of ₹ NIL and ₹ 22,52,511 for the year ended on that date, in respect of the subsidiary, which have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the subsidiary, is based solely on the report of such other auditors. Our opinion is not modified in respect of this matter.

### For S. R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E

per Viren H. Mehta

Partner

Membership Number: 048749

Mumbai, April 27, 2016



# CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2016

	NOTES	AS AT MARCH 31, 2016 ₹	AS AT MARCH 31, 2016 ₹	AS AT MARCH 31, 2015 ₹
<b>EQUITY AND LIABILITIES</b>				
<b>Shareholders' funds</b>				
(a) Share capital	6	26,790,450		26,790,450
(b) Reserves and surplus	7	1,226,955,336		1,112,034,950
			1,253,745,786	1,138,825,400
<b>Non-current liabilities</b>				
(a) Other long-term liabilities	8	8,974,174		8,181,769
			8,974,174	8,181,769
<b>Current liabilities</b>				
(a) Other current liabilities	9	54,139,619		173,360,111
(b) Short-term provisions	10	1,459,529,132		1,204,327,630
			1,513,668,751	1,377,687,741
<b>TOTAL</b>			<b>2,776,388,711</b>	<b>2,524,694,910</b>
<b>ASSETS</b>				
<b>Non-current assets</b>				
(a) Fixed assets				
Tangible assets	11	39,153,887		36,210,187
Intangible assets	12	9,373,417		10,360,391
			48,527,304	46,570,578
(b) Non-current investments	13	142,792,000		31,010,000
(c) Deferred tax assets (net)	14	29,587,000		29,353,568
(d) Long-term loans and advances	15	125,675,612		178,385,206
			298,054,612	238,748,774
			346,581,916	285,319,352
<b>Current assets</b>				
(a) Current investments	16	2,163,092,053		1,864,996,750
(b) Trade receivables	17	110,788,130		111,284,225
(c) Cash and bank balances	18	60,359,110		165,079,785
(d) Short-term loans and advances	15	95,567,502		98,014,798
			2,429,806,795	2,239,375,558
<b>TOTAL</b>			<b>2,776,388,711</b>	<b>2,524,694,910</b>
Summary of significant accounting policies	5			

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

As per our report of even date

**For S. R. Batliboi & Co. LLP**  
Chartered Accountants  
ICAI Firm Registration No. 301003E

**Viren H. Mehta**  
Partner  
(Membership No. 048749)

Mumbai | April 27, 2016

For and on behalf of the Board of Directors of  
**IDFC Asset Management Company Limited**

**Vikram Limaye**  
Director

**Nirav Shah**  
Company Secretary

**Anita Ramachandran**  
Director

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2016

	NOTES	YEAR ENDED MARCH 31, 2016 ₹	YEAR ENDED MARCH 31, 2015 ₹
<b>I INCOME</b>			
Revenue from operations	19	3,156,132,584	2,977,441,532
Other income	20	99,822,192	78,536,504
<b>TOTAL INCOME (I)</b>		<b>3,255,954,776</b>	<b>3,055,978,036</b>
<b>II EXPENSES</b>			
Employee benefits expense	21	563,316,234	546,926,223
Depreciation and amortisation expense	11, 12	24,588,244	38,010,647
Other expenses	22	1,042,539,538	1,155,519,078
<b>TOTAL EXPENSES (II)</b>		<b>1,630,444,016</b>	<b>1,740,455,948</b>
<b>III PROFIT BEFORE TAX (I - II)</b>		<b>1,625,510,760</b>	<b>1,315,522,088</b>
<b>IV TAX EXPENSE</b>			
Current tax		570,453,000	488,943,000
Deferred tax		(233,432)	(5,169,568)
Adjustment of tax relating to earlier periods		(42,866,226)	-
<b>TOTAL TAX EXPENSE (IV)</b>		<b>527,353,342</b>	<b>483,773,432</b>
<b>V PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS (III - IV)</b>		<b>1,098,157,418</b>	<b>831,748,656</b>
Basic and diluted earnings per equity share (Nominal value of share ₹ 10)	29	409.91	310.46
Summary of significant accounting policies	5		

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

As per our report of even date

**For S. R. Batliboi & Co. LLP**  
Chartered Accountants  
ICAI Firm Registration No. 301003E

**Viren H. Mehta**  
Partner  
(Membership No. 048749)

Mumbai | April 27, 2016

For and on behalf of the Board of Directors of  
**IDFC Asset Management Company Limited**

**Vikram Limaye**  
Director

**Nirav Shah**  
Company Secretary

**Anita Ramachandran**  
Director

# CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2016

		YEAR ENDED MARCH 31, 2016	YEAR ENDED MARCH 31, 2015
		₹	₹
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>PROFIT / (LOSS) BEFORE TAXATION</b>		1,625,510,760	1,315,522,088
<b>Adjustment for:</b>			
Add/(Less) : Depreciation and amortisation		24,588,244	38,010,647
Add/(Less) : Lease escalation charge		602,035	(599,556)
Add/(Less) : Loss on sale of Fixed assets (net of profit)		(171,742)	77,946
Add/(Less) : Profit on sale of other investments		(99,226,323)	(63,523,523)
Add/(Less) : Foreign currency reserve		218,690	205,194
<b>Operating profit before working capital changes</b>		1,551,521,664	1,289,692,796
<b>Changes in working capital:</b>			
(Increase)/decrease in long term loans and advances	56,866,709		19,815,323
(Increase)/decrease in trade receivables	496,095		(16,919,488)
(Increase)/decrease in short term loans and advances	2,447,296		40,511,638
Increase/(decrease) in other current liabilities	(119,030,122)		62,501,536
Increase/(decrease) in short term provisions	(76,861,467)		86,494,208
		(136,081,489)	192,403,217
Cash generated from/(used in) operations		1,415,440,175	1,482,096,013
Direct taxes paid (net of refund)		(554,369,871)	(408,182,254)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>		<b>861,070,304</b>	<b>1,073,913,759</b>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of fixed asset including capital work-in-progress		(27,305,157)	(29,607,974)
Sale proceeds from fixed assets		931,928	78,850
Purchase of investments		(3,392,160,183)	(3,379,736,246)
Sale proceeds on sale of investments		3,081,509,205	3,175,178,347
Purchase of other investments		-	(500,000)
<b>NET CASH FLOW FROM INVESTING ACTIVITIES (B)</b>		<b>(337,024,207)</b>	<b>(234,587,023)</b>
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES</b>			
Dividend paid (including dividend tax)		(628,766,772)	(783,587,174)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES (C)</b>		<b>(628,766,772)</b>	<b>(783,587,174)</b>
<b>Net increase/(decrease) in cash and cash equivalents (A + B + C)</b>		<b>(104,720,675)</b>	<b>55,739,561</b>
Cash and cash equivalents as at beginning of the year (refer note 18)		165,079,785	109,340,224
Cash and cash equivalents as at end of the year (refer note 18)		60,359,110	165,079,785
		<b>(104,720,675)</b>	<b>55,739,561</b>

As per our report of even date

**For S. R. Batliboi & Co. LLP**  
Chartered Accountants  
ICAI Firm Registration No. 301003E

**Viren H. Mehta**  
Partner  
(Membership No. 048749)

Mumbai | April 27, 2016

For and on behalf of the Board of Directors of  
**IDFC Asset Management Company Limited**

**Vikram Limaye**  
Director

**Nirav Shah**  
Company Secretary

**Anita Ramachandran**  
Director

**01 GROUP INFORMATION**

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). During the year, the Holding Company and its one subsidiary company constituted the Group. The Group is engaged in asset management, portfolio management & investment advisory services. IDFC Investment Advisors Limited, subsidiary of the Company, has filed a petition with the Bombay High Court on December 22, 2014 to obtain its sanction to a Scheme of Amalgamation for carrying out an amalgamation of IDFC Investment Advisors Limited with the Company with the effective date as April 1, 2015.

The Amalgamation is effective from April 01, 2015 (Appointed Date) as approved by the Honorable High Court of Bombay ("High Court") vide its order dated April 18, 2015 which had been filed by the Company with the Registrar of Companies on June 23, 2015 ("Effective Date"). The said scheme of merger as approved by the High Court shall be effective from the Appointed Date but shall be operative from the Effective Date, hence the business of subsidiary has been transferred to and vested with the Holding Company on going concern basis. Also refer to note no 33.

IDFC Limited has transferred its shareholding in the Company to IDFC Financial Holding Company Limited which is a wholly owned subsidiary of IDFC Limited with effect from July 9, 2015.

**02 BASIS OF PREPARATION**

The consolidated financial statements of the Group have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP) except in case of IDFC Investment Managers (Mauritius) Limited which has been prepared in accordance with International Financial Reporting Standards (IFRS). The Group has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014 and the applicable guidelines issued by SEBI. The financial statements have been prepared on the accrual basis under the historical cost convention. The accounting policies followed in the preparation of financial statements are consistent with those followed in the previous year.

**03 BASIS OF CONSOLIDATION**

- (a) The Consolidated Financial Statements comprise the individual financial statements of the Holding Company and its subsidiary as on March 31, 2016 and for the year ended on that date. The Consolidated Financial Statements have been prepared on the following basis:
  - i. The financial statements of the Holding Company and its subsidiary have been consolidated on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses as per Accounting Standard 21 on 'Consolidated Financial Statements'.
  - ii. The financial statements of the subsidiary used in the consolidation are drawn up to the same Balance Sheet date as that of the Holding Company, i.e. March 31, 2016.
  - iii. In case of foreign subsidiary, being non-integral operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at the rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the foreign currency translation reserve.
- (b) The financial statements of the following subsidiary have been consolidated as per Accounting Standard 21 on 'Consolidated Financial Statement'.

NAME OF SUBSIDIARY	MARCH 31, 2016	MARCH 31, 2015
	PROPORTION OF OWNERSHIP INTEREST %	PROPORTION OF OWNERSHIP INTEREST %
i. IDFC Investment Advisors Limited, a Company incorporated in India. (Merged with IDFC Asset Management Company Limited w.e.f. April 1, 2015)	-	100
ii. IDFC Investment Managers (Mauritius) Limited, a Company incorporated in Mauritius.	100	100

**04 CHANGE IN HOLDING IN SUBSIDIARIES:**

Consequent to the approval from the Hon'ble High Court of Bombay vide its order dated April 18, 2015 with Appointed date April 1, 2015 and effective date June 23, 2015, IDFC Investment Advisors Limited has been amalgamated with the Company.

**05 SIGNIFICANT ACCOUNTING POLICIES**

**(A) INVESTMENTS**

Investments which are readily realisable and intended to be held for not more than one year from the date on which such investments are made are classified as current investments. All other investments are classified as long-term investments. On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Long term investments are carried at acquisition cost. However, a provision is made for diminution other than temporary on an individual basis.

Current investments are carried in the financial statement at lower of cost or fair value on an individual investment basis.

On disposal of an investment, the difference between its carrying amount and the net disposal proceeds is charged or credited to Statement of Profit and Loss.

**(B) TANGIBLE FIXED ASSETS**

Fixed assets are stated at cost of acquisition, including any cost attributable for bringing the asset to its working condition for the intended use, less accumulated depreciation and accumulated losses, if any. Gains or losses arising from derecognition of fixed assets are measured as difference between the net disposal proceeds and the cost of the assets less accumulated depreciation upto the date of disposal and are recognised in the Statement of Profit and Loss when asset is derecognised. Leasehold Improvements are shown at historical cost less accumulated depreciation.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the Statement of Profit and Loss for the period during which such expenses are incurred.

The Company identifies and determines cost of each component/part of the asset separately, if the component/part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of remaining asset.

**(C) DEPRECIATION ON TANGIBLE FIXED ASSETS**

Depreciation on tangible fixed assets is provided on straight-line method, as per the useful life prescribed in schedule II to the Companies Act, 2013 except in case of assets costing less than ₹5,000 each, which are fully depreciated in the year of capitalization and vehicles and certain office equipments, in which case, life of asset has been internally assessed.

- Computers for 3 years
- Servers and networks for 6 years
- Furniture for 10 years
- Office Equipment for 5 years
- Vehicle for 4 years
- Leasehold improvements over the extended lease term or 5 years whichever is earlier.

Depreciation on additions during the year is provided on a pro-rata basis.

**(D) INTANGIBLE ASSETS AND AMORTISATION**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortised over a period of three years on a straight line method. 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. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

**(E) IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists or when annual impairment testing of an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an assets or cash generating units (CGU) net selling price and it's value in use. The recoverable amount is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted for their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset. In determining net selling price, recent market transactions are taken into account. If available, If no such transaction can be identified, an appropriate valuation model is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the Statement of Profit and Loss, except for previously revalued tangible fixed assets, where the revaluation was taken to revaluation reserve. In this case, the impairment is also recognised in the revaluation reserve up to the amount of any previous revaluation. After impairment depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount or the carrying amount that would have been determined net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Profit and Loss unless the assets is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

**(F) REVENUE RECOGNITIONS**

Revenue is recognised to the extent that it is probable that economic benefits will flow and the revenue can be reliably measured.

Asset management fees are recognised net of service tax on an accrual basis in terms of Investment Management Agreement entered into and in accordance with SEBI guidelines.

Income from management and advisory services is recognised at price agreed in accordance with the arrangement with the customers.

**Interest**

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the Statement of Profit and Loss.

**Dividends**

Dividend income is recognised when the right to receive dividend is established at the reporting date.

**(G) FOREIGN CURRENCY TRANSACTIONS****Initial recognition**

Foreign currency transactions are recorded in the reported currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of transactions.

**Conversion**

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of transaction. Non monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

**Exchange differences**

Exchange differences are recognised as income or as expenses in the period in which they arise.

**(H) OPERATING LEASES**

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Rental charges over the term of such leases, after taking in to account the escalation clause, are charged to the Statement of Profit and Loss on a straight line basis over the extended lease term.

**(I) EXPENSE UNDER EMPLOYEE STOCK OPTION SCHEMES**

The Ultimate Holding Company has formulated Employee Stock Option Schemes ('the ESOS') in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ('the Guidelines'). The ESOS provides for grant of stock options to employees (including employees of subsidiary companies) to acquire equity shares of the Ultimate Holding Company that vest in a graded manner and that are to be exercised within a specified period. In accordance with the Guidelines and the Guidance Note on 'Accounting for Employees Share-based Payments' issued by the Institute of Chartered Accountants of India, the excess, if any, of the closing market price on the day prior to the date of grant of the stock options under the ESOS over the exercise price is amortised on a straight-line method over the vesting period and the cost is allocated to the Company to be charged to Statement of Profit and Loss as employee benefits expense. In case the vested/unvested stock options expire unexercised/get lapsed/cancelled, the Company credits the amount charged to the Statement of Profit and Loss.

**(J) RETIREMENT AND OTHER EMPLOYEE BENEFIT**

Retirement benefit in the form of provident fund, superannuation fund and pension fund is a defined contribution scheme and are charged to the Statement of Profit and Loss as they fall due, based on the amount of contribution required to be made.

There is a defined plan for the employees, viz., gratuity. The cost of providing benefits under this plan is determined on the basis of actuarial valuation at each year-end which is determined using the projected unit credit method. Actuarial gains and losses for both defined benefit plans are recognised in full in the period in which they occur in the Statement of Profit and Loss.

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.

**(K) PROVISIONS**

A provision is recognised for a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the reporting date. These are reviewed at each reporting date and adjusted to reflect the current best estimates.

**(L) INCOME TAX**

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act 1961, enacted in India and tax laws prevailing in the respective tax jurisdictions. The tax rate and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognised directly in equity is recognised in equity and not in the Statement of Profit and Loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the Statement of Profit and Loss.

Deferred tax liabilities are recognised for all taxable timing differences. Deferred tax assets are recognised for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

**(M) CONTINGENT LIABILITIES**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

**(N) CASH AND CASH EQUIVALENTS**

Cash and cash equivalents for the purpose of cash flow statement comprises cash at bank, cash in hand, fixed deposits with an original maturity of three months or less.

**(O) EARNING PER SHARE**

Basic earnings per share is computed by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**(P) AMALGAMATION ACCOUNTING**

The Company treats an amalgamation in the nature of merger if it satisfies all the following criteria:

- (i) All assets and liabilities of the transferor company become, after amalgamation, the assets and liabilities of the transferee Company.
- (ii) The business of the transferor company is intended to be carried on, after the amalgamation, by the transferee Company.
- (iii) The transferee Company does not intend to make any adjustment to the book values of the assets and liabilities of the transferor company, except to ensure uniformity of accounting policies.

**(Q) SEGMENT REPORTING**

The Company's primary business segments are reflected based on the principal business carried out, i.e. Asset Management Services, Investment Advisory and Portfolio Management Services. The risk and returns of the business of the Company is not associated with geographical segmentation, hence there is no secondary segment reporting based on geographical segment.

**06 SHARE CAPITAL**

	AS AT MARCH 31, 2016		AS AT MARCH 31, 2015	
	NUMBER	(₹)	NUMBER	(₹)
<b>AUTHORISED SHARES</b>				
Equity shares of ₹ 10 each	35,000,000	350,000,000	35,000,000	350,000,000
<b>ISSUED, SUBSCRIBED &amp; FULLY PAID-UP SHARES</b>				
Equity shares of ₹10 each	2,679,045	26,790,450	2,679,045	26,790,450
<b>TOTAL ISSUED, SUBSCRIBED AND FULLY PAID-UP SHARE CAPITAL</b>		<b>26,790,450</b>		<b>26,790,450</b>

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

	AS AT MARCH 31, 2016		AS AT MARCH 31, 2015	
	NUMBER	(₹)	NUMBER	(₹)
Outstanding at the beginning of the year	2,679,045	26,790,450	2,679,045	26,790,450
Issued during the year	-	-	-	-
<b>OUTSTANDING AT THE END OF THE YEAR</b>	<b>2,679,045</b>	<b>26,790,450</b>	<b>2,679,045</b>	<b>26,790,450</b>

**(b) Terms/rights attached to equity shares**

The Company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupee. During the year ended March 31, 2016, dividend of ₹305 per share (Previous year ₹195 per share) is recognised as amount distributable to equity shareholders. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting.

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 exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

**(c) Shares held by holding/ultimate holding company**

Out of the equity shares issued by the Company, shares held by its holding company, ultimate holding company are as below:

	AS AT MARCH 31, 2016		AS AT MARCH 31, 2015	
	NUMBER	(₹)	NUMBER	(₹)
IDFC Limited (of which 6 shares are held jointly with nominees)	-	-	2,009,283	20,092,830
IDFC Financial Holding Company Limited (of which 6 shares are held jointly with nominees)	2,009,283	20,092,830	-	-

**(d) Details of shareholders holding more than 5% of the equity shares in the Company**

	AS AT MARCH 31, 2016		AS AT MARCH 31, 2015	
	NUMBER	% OF HOLDING	NUMBER	% OF HOLDING
IDFC Limited (of which 6 shares are held jointly with nominees)	-	-	2,009,283	75.00%
IDFC Financial Holding Company Limited (of which 6 shares are held jointly with nominees)	2,009,283	75.00%	-	-
Natixis Global Asset Management Asia Pte. Limited	669,762	25.00%	669,762	25.00%

**(e) Proposed dividends on Equity shares:**

	MARCH 31, 2016	MARCH 31, 2015
	(₹)	(₹)
The board proposed dividend on equity shares after the balance sheet date		
Proposed dividend on equity shares for the year ended on March 31, 2016: ₹305 per share (previous year ₹195)	817,108,725	522,413,775

**07 RESERVES AND SURPLUS**

	AS AT MARCH 31, 2016	AS AT MARCH 31, 2015
	(₹)	(₹)
<b>(a) Securities premium account</b>		
Opening balance	221,897,167	221,897,167
Add: Premium on issue of equity shares	-	-
<b>Closing balance</b>	<b>221,897,167</b>	<b>221,897,167</b>
<b>(b) Capital Redemption Reserve</b>		
Opening balance	197,925,000	197,925,000
Add: Transferred from Statement of Profit and Loss	-	-
<b>Closing balance</b>	<b>197,925,000</b>	<b>197,925,000</b>



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2016

	AS AT MARCH 31, 2016	AS AT MARCH 31, 2015
	(₹)	(₹)
<b>(c) General reserve</b>		
Opening balance	235,570,000	165,194,000
Add : Transfer from Statement of Profit and Loss	110,041,000	70,376,000
<b>Closing balance</b>	<b>345,611,000</b>	<b>235,570,000</b>
<b>(d) Foreign currency translation reserve</b>		
Opening balance	2,285,179	2,079,985
Add : Transfer from Statement of Profit and Loss	218,690	205,194
<b>Closing balance</b>	<b>2,503,869</b>	<b>2,285,179</b>
<b>(e) Surplus in the Statement of Profit and Loss</b>		
Opening balance	454,357,604	321,751,720
Profit for the year	1,098,157,418	831,748,656
Less: Appropriations		
Less: Appropriations	110,041,000	70,376,000
General reserve	817,108,725	522,413,775
[₹305 per share (Previous year ₹195 per share)]		
Tax on proposed equity dividend	166,346,997	106,352,997
Total appropriations	1,093,496,722	699,142,772
<b>Net surplus in the Statement of Profit and Loss</b>	<b>459,018,300</b>	<b>454,357,604</b>
<b>TOTAL</b>	<b>1,226,955,336</b>	<b>1,112,034,950</b>

### 08 OTHER LONG-TERM LIABILITIES

	AS AT MARCH 31, 2016	AS AT MARCH 31, 2015
	(₹)	(₹)
Lease equalisation	8,974,174	8,181,769
	<b>8,974,174</b>	<b>8,181,769</b>

### 09 OTHER CURRENT LIABILITIES

	AS AT MARCH 31, 2016	AS AT MARCH 31, 2015
	(₹)	(₹)
Lease equalisation	1,296,991	1,487,361
Statutory dues payable	27,889,172	15,954,369
Other payables (read with note 32)	24,953,456	155,918,381
	<b>54,139,619</b>	<b>173,360,111</b>

### 10 SHORT TERM PROVISIONS

	AS AT MARCH 31, 2016	AS AT MARCH 31, 2015
	(₹)	(₹)
Other short term provisions (read with note 32)	382,523,184	472,729,636
Provision for gratuity [(net of receivable from fund) read with note 25]	13,344,985	-
<b>Other Provisions</b>		
Provision for income tax (Net of advance tax of ₹1,016,534,845; Previous year ₹768,905,531)	80,205,242	102,831,222
Proposed equity dividend	817,108,725	522,413,775
Tax on proposed equity dividend	166,346,996	106,352,997
	<b>1,459,529,132</b>	<b>1,204,327,630</b>

**11 TANGIBLE ASSETS**

	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
	BALANCE AS AT APRIL 1, 2015	ADDITIONS	DISPOSALS	BALANCE AS AT MARCH 31, 2016	BALANCE AS AT APRIL 1, 2015	DEPRECIATION CHARGE FOR THE YEAR	ON DISPOSALS	BALANCE AS AT MARCH 31, 2016	BALANCE AS AT MARCH 31, 2016	BALANCE AS AT MARCH 31, 2015
	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)
Leasehold improvements	79,474,000	2,561,582	-	82,035,582	75,676,658	2,650,225	-	78,326,883	3,708,699	3,797,342
Furniture and fixtures	20,521,868	1,368,729	-	21,890,597	11,883,232	2,064,369	-	13,947,601	7,942,996	8,638,636
Office equipment	45,950,566	3,646,886	125,500	49,471,952	38,556,642	4,403,908	117,223	42,843,327	6,628,625	7,393,924
Computers	52,870,000	9,314,570	2,264,727	59,919,843	43,928,863	6,134,559	2,262,257	47,801,165	12,118,678	8,941,137
Vehicles	9,953,208	5,066,514	975,944	14,043,778	2,514,060	3,001,333	226,504	5,288,889	8,754,889	7,439,148
<b>TOTAL</b>	<b>208,769,642</b>	<b>21,958,281</b>	<b>3,366,171</b>	<b>227,361,752</b>	<b>172,559,455</b>	<b>18,254,394</b>	<b>2,605,984</b>	<b>188,207,865</b>	<b>39,153,887</b>	<b>36,210,187</b>
Previous year	199,727,629	20,347,816	11,305,803	208,769,642	151,531,157	32,177,308	11,149,010	172,559,455	36,210,187.00	

**12 INTANGIBLE ASSETS**

	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
	BALANCE AS AT APRIL 1, 2015	ADDITIONS	DISPOSALS	BALANCE AS AT MARCH 31, 2016	BALANCE AS AT APRIL 1, 2015	AMORTISATION CHARGE FOR THE YEAR	ON DISPOSALS	BALANCE AS AT MARCH 31, 2016	BALANCE AS AT MARCH 31, 2016	BALANCE AS AT MARCH 31, 2015
	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)	(₹)
Computer software	59,378,458	5,346,876	-	64,725,334	49,018,067	6,333,850	-	55,351,917	9,373,417	10,360,391
<b>TOTAL</b>	<b>59,378,458</b>	<b>5,346,876</b>	<b>-</b>	<b>64,725,334</b>	<b>49,018,067</b>	<b>6,333,850</b>	<b>-</b>	<b>55,351,917</b>	<b>9,373,417</b>	<b>10,360,391</b>
Previous year	50,118,300	9,260,158	-	59,378,458	43,184,728	5,833,339	-	49,018,067	10,360,391	
<b>TOTAL TANGIBLE &amp; INTANGIBLE ASSETS</b>	<b>268,148,100</b>	<b>27,305,157</b>	<b>3,366,171</b>	<b>292,087,086</b>	<b>221,577,522</b>	<b>24,588,244</b>	<b>2,605,984</b>	<b>243,559,782</b>	<b>48,527,304</b>	<b>46,570,578</b>
Previous year	249,845,929	29,607,974	11,305,803	268,148,100	194,715,885	38,010,647	11,149,010	221,577,522	46,570,578	

**13 NON-CURRENT INVESTMENTS (TRADE, AT COST UNLESS STATED OTHERWISE)**

	FACE VALUE (₹)	AS AT MARCH 31, 2016		AS AT MARCH 31, 2015	
		QUANTITY	(₹)	QUANTITY	(₹)
<b>Unquoted equity shares (fully paid)</b>					
<b>Investment in Equity Shares (unquoted)</b>					
MF Utilities India Private Limited	1	500,000	500,000	500,000	500,000
			500,000		500,000
<b>Investment in Preference Shares (unquoted)</b>					
0% Moser Baer Solar Limited (optionally convertible)	10	61,290,000	500,000	61,290,000	500,000
			500,000		500,000
<b>Investments in Venture Capital Units (Unquoted)</b>					
IDFC Spice Fund		10,000	10,000	10,000	10,000
			10,000		10,000
<b>Investment in mutual funds (quoted)</b>					
IDFC Yearly Series Interval Fund Direct Plan-Series I-Growth		420,066	5,000,000	420,066	5,000,000
IDFC Yearly series Interval Fund Direct Plan-Series II-Growth		417,199	5,000,000	417,199	5,000,000
IDFC Yearly series Interval Fund Direct Plan-Series III-Growth		416,084	5,000,000	416,084	5,000,000
			15,000,000		15,000,000
Aggregate amount of investments in quoted mutual funds					
Cost			15,000,000		15,000,000
Market value (Net asset value)			16,534,167		15,204,046

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**

AS AT AND FOR THE YEAR ENDED MARCH 31, 2016

	FACE VALUE (₹)	AS AT MARCH 31, 2016		AS AT MARCH 31, 2015	
		QUANTITY	(₹)	QUANTITY	(₹)
<b>Investment in mutual funds (unquoted)</b>					
IDFC Super Saver Income Fund-Medium Term Plan-Growth-Direct Plan	241,765	5,000,000	241,765	5,000,000	
IDFC Dynamic Bond Fund-Growth-Direct Plan	348,029	5,000,000	348,029	5,000,000	
IDFC Dynamic Equity Fund-Direct Plan-Growth	500,000	5,000,000	500,000	5,000,000	
IDFC Government Securities Fund-Provident Fund-Growth-Direct Plan	204,552	5,000,000	-	-	
IDFC Classic Equity Fund-Growth-Direct Plan	156,504	5,000,000	-	-	
IDFC Premier Equity Fund-Growth-Direct Plan	68,914	5,000,000	-	-	
IDFC Imperial Equity Fund-Growth-Direct Plan	180,629	5,000,000	-	-	
IDFC Equity Fund-Growth-Direct Plan	204,679	5,000,000	-	-	
IDFC Arbitrage Fund-Growth-Direct Plan	268,680	5,000,000	-	-	
IDFC Sterling Equity Fund-Growth-Direct Plan	137,398	5,000,000	-	-	
IDFC Arbitrage Plus Fund-Growth-Direct Plan	216,200	3,540,000	-	-	
IDFC Tax Advantage (ELSS) Fund-Growth-Direct Plan	124,904	5,000,000	-	-	
IDFC Asset Allocation Fund of Fund-Conservative Plan-Direct Plan-Growth	79,529	1,280,000	-	-	
IDFC Asset Allocation Fund of Fund-Moderate Plan-Direct Plan-Growth	215,738	3,720,000	-	-	
IDFC Asset Allocation Fund of Fund-Aggressive Plan-Direct Plan-Growth	201,531	3,610,000	-	-	
IDFC Monthly Income Plan-Growth-Direct Plan	296,653	5,000,000	-	-	
IDFC Nifty Fund-Growth-Direct Plan	98,659	1,620,000	-	-	
IDFC Infrastructure Fund-Growth-Direct Plan	423,920	4,970,000	-	-	
IDFC Banking Debt Fund-Direct Plan-Growth	414,120	5,000,000	-	-	
IDFC Money Manager Fund-Investment Plan-Growth-Direct Plan	228,005	5,000,000	-	-	
IDFC All Seasons Bond Fund-Direct Plan-Growth	110,773	2,430,000	-	-	
IDFC Ultra Short Term Fund-Direct Plan-Growth	253,691	5,000,000	-	-	
IDFC Government Securities Fund-Investment Plan-Growth-Direct Plan	295,440	5,000,000	-	-	
IDFC Cash Fund-Growth-Direct Plan	2,921	5,000,000	-	-	
IDFC Money Manager Fund-Treasury Plan-Growth-Direct Plan	224,028	5,000,000	-	-	
IDFC Government Securities Fund-Short Term Plan-Growth-Direct Plan	30,313	612,000	-	-	
IDFC Super Saver Income Fund-Investment Plan-Growth-Direct Plan	143,738	5,000,000	-	-	
IDFC Super Saver Income Fund-Short Term Plan-Growth-Direct Plan	171,318	5,000,000	-	-	
IDFC Corporate Bond Fund-Direct Plan-Growth	500,000	5,000,000	-	-	
			<b>126,782,000</b>	<b>15,000,000</b>	
Aggregate amount of investments in unquoted mutual funds					
Cost		126,782,000		15,000,000	
Market value (Net asset value)		131,925,353		17,194,285	
Market value of investments in unquoted mutual funds represents the repurchase price of the units issued by the mutual funds.					
<b>TOTAL NON-CURRENT INVESTMENTS</b>			<b>142,792,000</b>	<b>31,010,000</b>	

**14 DEFERRED TAX ASSET (NET)**

	AS AT MARCH 31, 2016		AS AT MARCH 31, 2015	
	QUANTITY	(₹)	QUANTITY	(₹)
Deferred tax asset				
(a) Provisions: Lease equalisation		3,555,000		3,287,000
(b) Fixed assets: Impact of difference between tax depreciation and depreciation / amortisation charged for the financial reporting		26,032,000		26,066,568
		29,587,000		29,353,568
<b>DEFERRED TAX ASSET (NET)</b>		<b>29,587,000</b>		<b>29,353,568</b>

**15 LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD)**

	AS AT MARCH 31, 2016		AS AT MARCH 31, 2015	
	(₹)	(₹)	(₹)	(₹)
	NON-CURRENT	CURRENT	NON-CURRENT	CURRENT
Loans and advances to employees	-	1,793,111	-	535,622
Loans and advances to related parties	-	318,119	-	-
Other receivables	-	3,812,481	-	840,918
Security deposits	70,687,205	28,667,725	103,606,065	1,035,685
Capital/supplier advances	4,437,963	3,806,319	722,721	4,011,408
Other loans and advances				
Advance tax (Net of provision ₹894,263,262; Previous year ₹694,421,714)	48,104,974	-	43,857,858	-
Fringe benefit tax (net of provision)	86,646	-	176,647	-
Balances with government authorities - Service tax credit receivable	-	16,578,363	-	14,486,569
Prepaid expenses	2,358,824	40,591,384	30,021,915	75,941,197
Gratuity (read with note 25)	-	-	-	1,163,399
	125,675,612	95,567,502	178,385,206	98,014,798

**16 CURRENT INVESTMENTS**

	AS AT MARCH 31, 2016		AS AT MARCH 31, 2015	
	QUANTITY	(₹)	QUANTITY	(₹)
<b>Investment in mutual funds (unquoted)</b>				
IDFC Dynamic Bond Fund-Growth-(Regular Plan)	-	-	11,275,107	147,793,756
IDFC Dynamic Bond Fund-Growth-(Direct Plan)	62,006,091	965,625,640	36,570,221	516,597,458
IDFC Ultra Short Term Fund-Growth-(Direct Plan)	4,668,264	97,000,000	2,425,590	44,213,230
IDFC Cash Fund-Growth-(Direct plan)	305,265	554,380,717	479,762	803,676,057
IDFC Super Saver Income Fund-Medium Term Plan-Growth-(Direct Plan)	2,973,715	61,500,000	2,973,715	61,500,000
IDFC Super Saver Income Fund-Short Term Plan-Growth-(Direct Plan)	777,529	20,000,000	777,529	20,000,000
IDFC Corporate Bond Fund-Growth-(Direct Plan)	20,000,000	200,000,000	-	-
		1,898,506,357		1,593,780,501
Aggregate amount of investments in unquoted mutual funds				
Cost		1,898,506,357		1,593,780,501
Market value (Net asset value)		2,105,604,664		1,781,436,890
Market value of investments in unquoted mutual funds represents the repurchase price of the units issued by the mutual funds.				
<b>Investment in mutual funds (quoted)</b>				
IDFC Fixed Term Plan Series 49 Direct Plan-Growth	5,000,000	50,000,000	5,000,000	50,000,000
IDFC Fixed Term Plan Series 54 Direct Plan-Growth	1,000,000	10,000,000	1,000,000	10,000,000
IDFC Fixed Term Plan Series 52 Direct Plan-Growth	1,371,625	13,716,249	1,371,625	13,716,249
IDFC Fixed Term Plan Series 66 Direct Plan-Growth	5,836,945	58,369,447	6,500,000	65,000,000
IDFC Fixed Term Plan Series 74 Direct Plan-Growth (411 Days)	3,000,000	30,000,000	3,000,000	30,000,000
IDFC Fixed Term Plan Series 78 Direct Plan-Growth (366 Days)	6,000,000	60,000,000	6,000,000	60,000,000
IDFC Fixed Term Plan Series 97 Direct Plan-Growth (366 Days)	2,750,000	27,500,000	2,750,000	27,500,000
IDFC Yearly Series Interval Fund Direct Plan - Series I - Growth	1,379,602	15,000,000	1,379,602	15,000,000
		264,585,696		271,216,249
Aggregate amount of investments in quoted mutual funds				
Cost		264,585,696		271,216,249
Market value (Net asset value)		318,388,601		300,740,756
<b>TOTAL CURRENT INVESTMENTS</b>		<b>2,163,092,053</b>		<b>1,864,996,750</b>

**17 TRADE RECEIVABLES (UNSECURED, CONSIDERED GOOD)**

	AS AT MARCH 31, 2016		AS AT MARCH 31, 2015	
	(₹)	(₹)	(₹)	(₹)
	NON-CURRENT	CURRENT	NON-CURRENT	CURRENT
Outstanding for a period less than six months	-	110,788,130	-	111,284,225
	-	110,788,130	-	111,284,225

**18 CASH AND BANK BALANCES**

	AS AT MARCH 31, 2016		AS AT MARCH 31, 2015	
	(₹)	(₹)	(₹)	(₹)
	NON-CURRENT	CURRENT	NON-CURRENT	CURRENT
<b>CASH AND CASH EQUIVALENTS</b>				
Balances with banks:				
In current accounts	-	60,359,110	-	165,079,785
	-	60,359,110	-	165,079,785

**19 REVENUE FROM OPERATIONS**

	YEAR ENDED	YEAR ENDED
	MARCH 31, 2016	MARCH 31, 2015
	(₹)	(₹)
Asset Management fees (Net of service tax ₹424,012,003; Previous year ₹335,545,925)	3,046,932,643	2,714,772,672
Portfolio management fees	88,252,473	195,764,274
Performance fees	-	51,017,402
Advisory fees	20,947,468	15,887,184
	3,156,132,584	2,977,441,532

**20 OTHER INCOME**

	YEAR ENDED	YEAR ENDED
	MARCH 31, 2016	MARCH 31, 2015
	(₹)	(₹)
Interest on income tax refund	-	8,626,035
Other interest	36,693	-
Net gain/loss on sale of current investments	99,226,323	63,523,523
Profit on sale of fixed assets (net)	171,742	-
Miscellaneous income	375,795	523,639
Write backs	11,639	5,863,307
	99,822,192	78,536,504

**21 EMPLOYEE BENEFITS EXPENSE**

	YEAR ENDED	YEAR ENDED
	MARCH 31, 2016	MARCH 31, 2015
	(₹)	(₹)
Salaries and bonus	510,081,591	497,904,872
Contribution to provident and other funds	35,447,973	29,926,478
ESOP Compensation Cost (refer note 25)	-	(785,474)
Staff welfare expenses	17,786,670	19,880,347
<b>TOTAL</b>	<b>563,316,234</b>	<b>546,926,223</b>

(a) Salaries and bonus includes shortfall of bonus provision for year ended March 31, 2015 of ₹2,550,000 on account of change in estimate in provision of bonus.

**22 OTHER EXPENSES**

	YEAR ENDED MARCH 31, 2016	YEAR ENDED MARCH 31, 2015
	(₹)	(₹)
Rent	107,156,317	103,286,951
Rates & taxes	2,305,656	1,083,077
Electricity	13,488,675	12,151,009
Repairs and maintenance		
Equipments	2,587,523	3,786,927
Others	36,432,092	33,039,233
Insurance charges	1,266,077	1,377,260
Travelling and conveyance	25,349,489	22,505,758
Printing and stationery	23,366,378	15,594,610
Communication costs	31,378,537	30,359,038
Advertising and publicity	89,034,027	53,496,160
Listing & rating Fees	2,394,106	1,406,892
Loss on sale of fixed assets (net)	-	77,946
Professional fees	109,594,127	92,575,783
Directors' sitting fees	1,010,558	1,029,767
Computer Software Expenses	13,996,218	11,310,507
Membership and subscription	41,694,429	35,028,470
Auditors' remuneration (refer note (a) below)	2,684,636	2,181,199
Scheme issue expenses (refer note (b) below)	60,912,846	161,562,151
Shared service cost (refer note (c) below)	12,229,176	8,183,757
Operational costs (refer note (e) below)	435,806,163	543,742,551
Contribution to IDFC Foundation towards corporate social responsibility expenses	19,408,000	14,800,000
Miscellaneous expenses	10,214,576	6,195,066
Provision for doubtful loans	229,932	744,966
	<b>1,042,539,538</b>	<b>1,155,519,078</b>

**(a) Break up of auditors' remuneration:**

	YEAR ENDED MARCH 31, 2016	YEAR ENDED MARCH 31, 2015
	(₹)	(₹)
Audit fee	1,637,855	1,309,060
Tax audit fee	300,000	405,000
Other services	665,000	401,147
Out of pocket expenses	81,781	65,992
	<b>2,684,636</b>	<b>2,181,199</b>

- (b) Scheme issue expenses are the expenses incurred by the Company towards launching of schemes and plans of IDFC Mutual Fund during the year.
- (c) Expenses incurred on behalf of schemes of IDFC Mutual Fund are charged to the Statement of Profit and Loss unless considered recoverable from schemes.
- (d) Operational costs comprises of expenses which are incurred by mutual fund schemes over and above the expense limits prescribed by SEBI, interest charged by bank to the Mutual Fund on account of temporary borrowings or overdrafts and payments made to investors of Mutual Fund on account of delay in payment of redemption proceeds which are borne by the Company.
- (e) Shared service cost represents reimbursement to holding company/fellow subsidiary under a shared service agreement (Net of recoveries ₹Nil; Previous year ₹3,685,733)

**23 EXPENDITURE IN FOREIGN CURRENCIES (ON ACCRUAL BASIS)**

	YEAR ENDED MARCH 31, 2016	YEAR ENDED MARCH 31, 2015
	(₹)	(₹)
Advertising - Media	16,665,846	2,179,554
Professional fees for SEC filing	-	5,355,000
Membership & Subscription	-	85,562
Foreign travel	260,312	248,945
Other professional fees	9,370,390	955,046

**24 EARNINGS IN FOREIGN CURRENCIES (ON ACCRUAL BASIS)**

	YEAR ENDED MARCH 31, 2016	YEAR ENDED MARCH 31, 2015
	(₹)	(₹)
Advisory Fees - Absolute Asia Asset Management Limited	20,947,468	15,675,106

**25** In accordance with Accounting Standard 15 on 'Employee Benefits' the following disclosures have been made:

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

	MARCH 31, 2016	MARCH 31, 2015
	(₹)	(₹)
Provident fund	16,286,141	14,861,198
Superannuation fund	1,111,721	1,247,637
Pension fund	2,127,875	1,690,705
Labour welfare fund	478	210

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

	MARCH 31, 2016	MARCH 31, 2015
	(₹)	(₹)
<b>CHANGE IN THE DEFINED BENEFIT OBLIGATIONS:</b>		
Liability at the beginning of the year	51,656,861	39,878,900
Current service cost	9,542,197	8,807,426
Interest cost	4,190,297	3,944,806
Liabilities assumed on acquisition / (settled on divestiture)	349,521	1
Benefits paid	(7,982,591)	(4,781,099)
Actuarial Losses / (Gain)	5,598,917	3,806,827
Closing Defined Benefit Obligation	63,355,202	51,656,861
Unrecognised Past Service Cost	-	-
Liability at the end of the year	63,355,202	51,656,861
<b>FAIR VALUE OF PLAN ASSETS:</b>		
Fair value of plan assets at the beginning of the year	52,090,323	35,242,274
Expected return on plan assets	4,129,931	2,744,985
Contributions	1,111,414	17,042,802
Benefits paid	(7,982,591)	(4,781,099)
Actuarial gain / (loss) on plan assets	(524,771)	1,841,361
Assets acquired on acquisition	-	-
Fair value of plan assets at the end of the year	48,824,306	52,090,323
Total actuarial loss / (gain) to be recognised	6,123,688	1,965,466
<b>ACTUAL RETURN ON PLAN ASSETS:</b>		
Expected return on plan assets	4,129,931	2,744,985
Actuarial gain / (loss) on plan assets	(524,771)	1,841,361
Actual return on plan assets	3,605,160	4,586,346

	MARCH 31, 2016	MARCH 31, 2015
	(₹)	(₹)
<b>AMOUNT RECOGNISED IN THE BALANCE SHEET:</b>		
Liability at the end of the year	63,355,202	51,656,861
Fair value of plan assets at the end of the year	(48,824,306)	(52,090,323)
Amount not recognised as an Asset	-	154,014
Amount recognised in the balance sheet under "Provision for employee benefits/(Loans and advances)"	14,530,896	(279,448)
Amount receivable recognised in the balance sheet under "Provision for employee benefits/(Loans and advances)"	(1,185,911)	(883,951)
<b>EXPENSE RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS:</b>		
Current service cost	9,542,197	8,807,426
Interest cost	4,190,297	3,944,806
Expected return on plan assets	(4,129,931)	(2,744,985)
Net actuarial loss / (gain) to be recognised	6,123,688	1,965,466
Liabilities assumed on acquisition/ (settled on divestiture)	349,521	1
Effect the limit in Para 59 (b)	(154,014)	154,014
Expense recognised in the statement of profit and loss under 'Employee benefits expense'	15,921,758	12,126,728
<b>RECONCILIATION OF THE LIABILITY RECOGNISED IN THE BALANCE SHEET:</b>		
Opening net Liability	(279,448)	4,636,626
Expense recognised	15,921,758	12,126,728
Contribution by the Company	(1,111,414)	(17,042,802)
Amount recognised in the balance sheet under "Gratuity"	14,530,896	(279,448)
Expected employer's contribution next year	10,000,000	7,800,000

**Experience adjustments:**

	MARCH 31, 2016	MARCH 31, 2015	MARCH 31, 2014	MARCH 31, 2013	MARCH 31, 2012
	(₹)	(₹)	(₹)	(₹)	(₹)
Defined benefit obligation	63,355,202	51,656,861	39,878,900	30,485,959	21,737,970
Plan assets	48,824,306	52,090,323	35,242,274	30,485,959	-
Surplus/(deficit)	(14,530,896)	433,462	(4,636,626)	-	(21,737,970)
Exp. Adj. on Plan Liabilities	5,998,246	387,811	5,345,910	(394,748)	522,079
Exp. Adj. on Plan Assets	(524,771)	1,841,361	(869,961)	3,863,873	-

	MARCH 31, 2016	MARCH 31, 2015
	(%)	(%)
<b>Investment pattern:</b>		
Insurer managed funds	100.00	100.00
<b>Principal assumptions:</b>		
Discount rate (p.a.)	8.00	7.85
Expected rate of return on assets (p.a.)	9.00	9.00
Salary escalation rate (p.a.)	8.00	8.00

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

**26** The Group is engaged in the business of providing asset management service and investment advisory services. During the year ended March 31, 2016, the Group was engaged in only one business segment no geographical segments and as such there are no separate reportable segments, as required by Accounting Standard 17 on 'Segment Reporting'.



**27 RELATED PARTY DISCLOSURES**

Names of the related parties where control exists irrespective of whether transactions have been occurred or not:

**I. Ultimate Holding Company:**

IDFC Limited (w.e.f. July 9, 2015)

**II. Holding Company:**

IDFC Limited (upto July 8, 2015)

IDFC Financial Holding Company Limited (w.e.f. July 9, 2015)

Names of the related parties with which there are transactions during the year:

**III. Fellow Subsidiaries**

IDFC AMC Trustee Company Limited

IDFC Foundation

IDFC Bank Limited

**IV. Associates**

Uttarakhand Infrastructure Development Company Limited

**V. Key management personnel:**

Mr. Naval Bir Kumar - Vice Chairman (upto October 31, 2015)

Mr. Kalpen Parekh - Chief Executive Officer

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

		MARCH 31, 2016	MARCH 31, 2015
		(₹)	(₹)
<b>I. Holding Company/Ultimate Holding Company:</b>			
IDFC Limited	Reimbursement of expenses	2,817,316	10,077,265
	Purchase of Preference Share	-	500,000
	Shared service cost paid	3,125,256	9,193,490
	Recovery of expenses / cost of asset	243,219	1,433,022
	ESOP cost recovery/(reimbursement)	-	785,474
	Management fees income	-	8,359,544
	Advisory fees	-	219,653
<b>II. Fellow Subsidiaries:</b>			
IDFC AMC Trustee Company Limited	Recovery of expenses	318,356	193,544
IDFC Foundation	Business centre fees recovered	-	999,733
	CSR Contribution	19,408,000	14,800,000
IDFC Bank Limited	Reimbursement of expenses	2,777,150	-
	Shared service cost paid	9,103,920	-
	Recovery of expenses / cost of asset	1,712,397	-
	Balance receivable	318,119	-
	Current Account Balance	2,680,832	-
	Current Account Balance (Investor Education and Awareness)	3,137,428	-
<b>IV. Associates:</b>			
Uttarakhand Infrastructure Development Company Limited	Purchase of fixed assets	-	12,398
<b>V. Key Management Personnel:</b>			
	Remuneration paid	61,508,369	71,372,203
	Reimbursement of business expenses	49,854	273,463

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2016

**28** In accordance with Accounting Standard 19 on 'Leases' the following disclosures in respect of operating leases are made:

- i. The Group companies have taken vehicles for certain employees under cancellable operating leases which is included under salaries as follows:

NAME OF THE LESSOR	LATEST EXPIRY DATE	MARCH 31, 2016	MARCH 31, 2015
		(₹)	(₹)
ALD Automative Private Limited	September 2016	1,132,044	1,153,169

The total future minimum lease payments under cancellable operating lease for each of the periods is given below:

	MARCH 31, 2016	MARCH 31, 2015
	(₹)	(₹)
Not later than one year	120,880	610,626
Later than one year and not later than five years	-	120,880

- ii. The Holding Company has entered into cancellable as well as non-cancellable leasing arrangements for office premises at various locations in India generally for a period of 36 months. As per the term of the lease all maintenance charges and municipal levies are borne by the lessee.

The total future minimum lease payments under non-cancellable operating lease for each of the periods is given below:

	MARCH 31, 2016	MARCH 31, 2015
	(₹)	(₹)
Not later than one year	78,762,686	78,769,417
Later than one year and not later than five years	220,489,671	293,909,749

The terms of renewal and escalation clauses are those normally prevalent in similar agreements.

### 29 IN ACCORDANCE WITH ACCOUNTING STANDARD 20 ON 'EARNINGS PER SHARE':

The basic / diluted earnings per share has been calculated based on the following:

	MARCH 31, 2016	MARCH 31, 2015
	(₹)	(₹)
Net profit after tax	1,098,157,418	831,748,656
Net amount available for equity shareholders	1,098,157,418	831,748,656
Weighted average number of equity shares (Nos.)	2,679,045	2,679,045
Basic and diluted earnings per equity share (₹)	409.91	310.46

### 30 CAPITAL AND OTHER COMMITMENTS

Estimated amount of contracts remaining to be executed and not provided for ₹8,959,646 (Previous year ₹6,387,441).

### 31 CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF :

	MARCH 31, 2016	MARCH 31, 2015
	(₹)	(₹)
(a) Claims not acknowledged as debts in respect of :		
i. Income-tax department has preferred an appeal with High Court pertaining to AY 2007 - 08 as ITAT passed an order in favor of the Company.	-	6,682,283
ii. Income-tax department has preferred an appeal with High Court pertaining to AY 2008 - 09 as ITAT passed an order in favor of the Company.	-	4,458,623
iii. Income-tax department has preferred an appeal with ITAT pertaining to AY 2009 - 10 as CIT(A) passed an order in favor of the Company.	-	205,790
iv. Income-tax demands disputed by the Company Pertaining AY 12-13. The matter in dispute is under appeal.	-	5,941,196
v. Reversal of Cenvat credit under protest.	6,481,420	1,841,159
(b) Income Tax demand on Mutual Fund on account of non-payment of tax on income from pass through certificates by the issuing trust.	4,860,729	4,860,729

**32** As per information available with the group companies, there are no micro, small or medium enterprises as defined in 'The Micro, Small and Medium Enterprises Development Act, 2006', to whom the group companies owes dues on account of principal amount together with interest and accordingly no additional disclosures have been made. The above information regarding micro, small and medium enterprises have been determined to the extent such parties have been identified on the basis of information available with the group companies and relied upon by the auditors.

**33 ACCOUNTING FOR AMALGAMATION**

The Honorable High Court of Bombay, on April 18, 2015, sanctioned a scheme of amalgamation (the scheme) under sections 391 to 394 of the Companies Act, 1956. In terms of the Scheme, IDFC Investment Advisors Limited (Transferor Company) has been amalgamated with the Company (Transferee Company) with effect from June 23, 2015 having Appointed date April 01, 2015, upon which the entire business, including all assets and liabilities of the Transferor Company stands transferred to and vested in the Transferee Company. The amalgamation has been accounted under the pooling of interest method and the transfer of assets and liabilities have been recorded at their book value.

	AS AT MARCH 31, 2016	
	(₹)	(₹)
<b>VALUE OF ASSETS AND LIABILITIES ACQUIRED:</b>		
<b>Non current assets</b>		
(a) Fixed assets		
Tangible assets	339,725	
Intangible assets	1,318,309	
		1,658,034
(b) Non-current investments	10,000	
(c) Deferred tax assets (net)	7,568	
(d) Long-term loans and advances	29,114,477	
		29,132,045
<b>Current assets</b>		
(a) Current investments	317,250,224	
(b) Trade receivables	36,008,950	
(c) Cash and bank balances	3,184,971	
(d) Short-term loans and advances	3,356,027	
		359,800,172
<b>Current liabilities</b>		
(a) Other current liabilities	661,562	
(b) Short-term provisions	27,668,332	
		28,329,894
		362,260,357
Less:		
Carrying value of investments in the Transferor Company	100,000,000	
Reserves and Surplus of transferor company (including General Reserve)	262,260,357	
		362,260,357

**34** As per the provisions of the Section 135 of the Companies Act, 2013, the Group is required to contribute ₹ 19,407,794 (Previous year ₹ 14,760,957) during the financial year towards Corporate Social Responsibility. The Group has contributed ₹19,408,000 (Previous year ₹ 14,800,000) to IDFC Foundation.

**35 NET DIVIDEND REMITTED IN FOREIGN EXCHANGE**

YEAR OF REMITTANCE (ENDING ON)	March 31, 2016	March 31, 2015
Period to which it relates	April 01, 2014 to March 31, 2015	April 01, 2013 to March 31, 2014
Number of non-resident shareholders	1	1
Number of equity shares held on which dividend was due	669,762	669,762
Amount remitted (in USD)	2,029,582	2,676,051
Amount remitted (in INR)	130,603,590	167,440,500

**36 EMPLOYEE STOCK OPTIONS**

During the year ended March 31, 2016, Employee Stock Option Scheme ('ESOS') were granted by IDFC Limited (Ultimate Holding Company) to the employees of the Company. The exercise price of these ESOS was market price, thus no cost has been allocated to the Company.

**37** The figures for the previous year have been regrouped, wherever necessary to conform with the current year's classification/disclosure.



**IDFC  
INVESTMENT  
MANAGERS  
(MAURITIUS)  
LIMITED**

**DIRECTORS**

Mr. Sahjahan Ally Nauthoo  
Mr. Sevin Chendriah

**AUDITORS**

Ernst & Young

**PRINCIPAL  
BANKER**

Deutsche Bank  
(Mauritius) Limited

**REGISTERED  
OFFICE**

Cim Fund Services Ltd  
33, Edith Cavell Street  
Port Louis, Mauritius

## 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 licenced 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 principal activity of the Company is to provide investment management services.

However, The India Hybrid Infrastructure Fund limited has already been wound up and India Infrastructure Opportunities Fund Ltd is currently under liquidation. During the year under review, the Company has entered into an investment management agreement with India Multi-Avenues Fund Limited (previously known as IDFC Focus Fund Limited), a fund incorporated in Mauritius on 22 May 2015. However, the fund has been set up but not yet operational.

The Company holds standards of corporate governance through awareness of business ethics and supervision of its management team by the Board of directors.

The main objects and functions of the Board as regards Corporate Governance are to:

- determine, agree and develop the Company's general policy on corporate governance in accordance with the applicable Code of Corporate Governance;
- select candidates for eventual Board appointments; 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.

## THE BOARD OF DIRECTORS

The directors have been selected based on their professional background and expertise to positively contribute to the Board's activities. The Board is currently made up of two resident directors.

### DIRECTORS

#### Resident

Mr. Sahjahan Ally Nauthoo

Mr. Bashir Nabeebokus (Resigned on 15 January 2016)

Mr. Sevin Chendriah (Appointed on 15 January 2016)

The Board is responsible for directing the affairs of the Company in the best interests of shareholders, in conformity with legal and regulatory framework, and consistent with its constitution and best governance practices.

### THE DIRECTORS' PROFILE

#### Mr. Sahjahan Ally Nauthoo

Mr Nauthoo is a Fellow of the Association of Chartered Certified Accountants - UK and holds a Bachelor of Business Science (Hons) degree in the field of Accountancy with the University of Mauritius. He is also a Member of the Mauritius Institute of Professional Accountants and Mauritius Institute of Directors.

He has over 11 years of experience in the global business sector and 2 years of experience in the field of banking and finance. He has gained wide experience in the structuring, setting up and administration including secretarial, accounting, taxation and compliance of offshore funds and companies. He serves as director and authorized signatory for a large number of funds/companies administered by Cim Global Business. He is currently a Senior Manager and prior to joining Cim Global Business, he also worked for 5 years with International Financial Services Limited.

#### Mr. Sevin Chendriah (Appointed on 15 January 2016)

Mr. Chendriah holds a Bsc (Hons) in Management with Finance from the University of Mauritius. He joined Cim 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.

#### Mr. Bashir Nabeebokus (Resigned on 15 January 2016)

Mr. Nabeebokus was a Fellow of the Association of Chartered and Certified Accountants - UK and hold a B.Sc (Hons) Economics from the University of Mauritius. He was also a member of the Mauritius Institute of Professional Accountants, and Mauritius Institute of Directors, as well as former Panel Member of ACCA Mauritius office. Bashir had been in the global business sector for over 15 years with an enriched exposure in fund/company set up, structuring and administration, company secretarial, accounting, international tax planning, compliance and customer due diligence checks along with a strong client and people relationship management skills among others. He also had directorship in several client companies including investment managers/advisors and collective investment schemes. Bashir spent the last 9 years with International Financial Services Limited prior to joining the Cim Group as Senior Manager in July 2009.

**CONSTITUTION**

The Constitution of the Company was adopted on 19 August 2010 and same was subsequently altered on 26 December 2014 to insert a clause on Arbitration.

**BOARD MEETINGS**

The Board has at least one scheduled meeting each year during which it:

1. examines all statutory matters;
2. approves the audited financial statements and reviews important accounting issues;
3. reviews the Company's performance;
4. ensures compliance of the Company with the legislations; and
5. takes note of changes in the legislations which may affect the Company.

In addition, the Board meets whenever necessary to discuss urgent business.

The Board papers are usually sent to the directors one week in advance, except where urgent meetings are convened.

During the year under review, the Board met five times and the table below shows the attendance of directors either physically or by alternates at meetings held from 01 April 2015 to 31 March 2016:

DIRECTORS	ATTENDANCE AT BOARD
Mr. Bashir Nabeebokus (Resigned on 15 January 2016)	5/5
Mr. Sevin Chendriah (Appointed on 15 January 2016)	0/0
Mr. Sahjahan Ally Nauthoo	5/5

The Board promotes, encourages and expects open and frank discussions at meetings. Board meetings provide a forum for challenging and constructive debate.

**BOARD COMMITTEES**

The Board of directors collectively considers the measures in respect of the Code of Corporate Governance issues. Due to the size of the Board, no sub-committees (Audit Committees, The Corporate Governance Committee, Board Risk Committee, Remuneration Committee and the Nomination Committee) have been established.

**STATEMENT OF REMUNERATION POLICY**

The Director fee is USD 4,000 per annum per officer of the Administrator serving as Director.

**IDENTIFICATION OF KEY RISKS FOR THE COMPANY**

The Board is ultimately responsible for the Company's system of internal control and for reviewing its effectiveness. The Board confirms that there is an ongoing process for identifying, evaluating and managing the various risks faced by the Company.

**FINANCIAL RISK FACTORS**

The financial risk factors have been set out in note 14 of these financial statements.

**RELATED PARTY TRANSACTIONS**

The related party transactions have been set out in note 13 of these financial statements.

**CODE OF ETHICS, HEALTH AND SAFETY AND SOCIAL ISSUES**

These issues are not applicable to the Company given the nature of activities of the Company and the fact that the Company has no employees. The Company is managed under service agreements with third parties detailed in the Corporate Data section.

**ENVIRONMENT**

Due to the nature of its activities, the Company has no adverse impact on the environment.

**CORPORATE SOCIAL RESPONSIBILITY AND DONATIONS**

During the year, the Company has not made any donations.

**NATURE OF BUSINESS**

The principal activity of the Company is that of a CIS Manager.

**AUDITORS' REPORT AND FINANCIAL STATEMENTS**

The auditors' report is set out on pages 8 and 9 and the statement of profit or loss and other comprehensive income is set out on page 11 of this financial statements.

**AUDIT FEES**

Audit fees payable to Ernst & Young (Mauritius) for the year amounted to USD 4,800 (excluding VAT and any disbursements).

**APPRECIATION**

The Board expresses its appreciation and gratitude to all those involved for their contribution during the year.

The directors present their commentary, together with the audited financial statements of IDFC Investment Managers (Mauritius) Ltd. for the year ended 31 March 2016.

### STATUS AND PRINCIPAL ACTIVITY

IDFC Investment Managers (Mauritius) Ltd. (the "Company") was incorporated on 13 September 2010 in the Republic of 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 (previously known as IDFC Focus Fund Limited), a fund incorporated in Mauritius on 22 May 2015. However, the fund has not yet been launched.

### RESULTS

The Company's loss for the year under review is USD 34,287 (2015: loss of USD 43,543).

The directors do not recommend the payment of a dividend for the year under review.

### DIRECTORS' RESPONSIBILITY IN RESPECT OF THE 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 2016, 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 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 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 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 and have no reason to believe the business will not be a going concern in the year ahead as detailed out under note 6 of these financial statements.

### AUDITORS

The auditors, Ernst & Young, have indicated their willingness to continue in office.



## **SECRETARY'S CERTIFICATE UNDER SECTION 166 (D) OF THE COMPANIES ACT 2001**

We, Cim Fund Services 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 2016.

**CIM FUND SERVICES LTD**

**SECRETARY**

12 April, 2016

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF

IDFC INVESTMENT MANAGERS (MAURITIUS) LTD

## Report on the Financial Statements

We have audited the financial statements of IDFC Investment Managers (Mauritius) Ltd (the "Company") on pages 10 to 24 which comprise the statement of financial position as at 31 March 2016 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

## Directors' Responsibility for the Financial Statements

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 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.

## Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

## Opinion

In our opinion, the financial statements on page 6 to 18 give a true and fair view of the financial position of the Company as at 31 March 2016 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

## Other matter

This report has been prepared solely for the Company's member in accordance with Section 205 of the Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's member those matters we are required to state to the latter in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's member for our audit work, for this report, or for the opinions we have formed.

## Report on Other Legal and Regulatory Requirements

### Companies Act 2001

We have no relationship with or interests in the Company other than in our capacity as auditors and dealings in the ordinary course of business.

We have obtained all the information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

**ERNST & YOUNG**

Ebène, Mauritius

**ROGER DE CHAZAL, A.C.A.**

Licensed by FRC

Date:

## STATEMENT OF FINANCIAL POSITION

as at March 31, 2016

		2016	2015
	NOTES	USD	USD
<b>ASSETS</b>			
<b>Current assets</b>			
Other receivables	7	49,355	11,800
Prepayments	7a	3,939	3,948
Cash at bank	8	220,880	42,483
<b>TOTAL ASSETS</b>		<b>274,174</b>	<b>58,231</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity and reserves</b>			
Stated capital	9	407,290	157,290
Accumulated losses		(142,866)	(108,579)
<b>Shareholder's funds</b>		<b>264,424</b>	<b>48,711</b>
<b>Current liabilities</b>			
Accrued expenses	10	9,750	9,520
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>274,174</b>	<b>58,231</b>

These financial statements have been approved and authorised for issue by the Board of directors on 12 April 2016 and signed on its behalf by:

### NAME OF DIRECTORS

Mr. Sahjahan Ally Nauthoo

Mr. Sevin Chendriah

The notes on pages 10 to 18 form an integral part of these financial statements. Independent Auditors' report on page 5.

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended March 31, 2016

		2016	2015
	NOTES	USD	USD
<b>INCOME</b>		-	-
<b>EXPENSES</b>			
Fees paid on behalf of India Multi-Avenues Fund Limited		41,055	8,300
Fees paid on behalf of other funds	13	-	3,500
Receivable from Fund		(41,055)	(11,800)
Write off of fees paid in respect of funds	13	3,500	12,169
Professional fees		11,000	11,000
Audit fees		5,980	5,865
Administration fees		5,000	5,000
Licence and annual registration fees		4,059	4,059
Insurance cover		3,555	3,545
Disbursement		490	345
Bank charges		503	360
TRC renewal Fees		200	700
Legal fees		-	500
<b>TOTAL EXPENSES</b>		<b>34,287</b>	<b>43,543</b>
<b>Operating loss for the year</b>		<b>(34,287)</b>	<b>(43,543)</b>
Income tax expense	12	-	-
<b>Loss for the year</b>		<b>(34,287)</b>	<b>(43,543)</b>
Other comprehensive income			
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX</b>		<b>(34,287)</b>	<b>(43,543)</b>

The notes on pages 10 to 18 form an integral part of these financial statements. Independent Auditors' report on page 5.

## STATEMENT OF CHANGES IN EQUITY

For the Year Ended March 31, 2016

	STATED CAPITAL	ACCUMULATED LOSSES	TOTAL
	USD	USD	USD
At 01 April 2014	57,290	(65,036)	(7,746)
Issue of shares (note 9)	100,000	-	100,000
Loss for the year	-	(43,543)	(43,543)
Other comprehensive income for the year	-	-	-
At 31 March 2015	157,290	(108,579)	48,711
Issue of shares (note 9)	250,000	-	250,000
Loss for the year	-	(34,287)	(34,287)
Other comprehensive income for the year	-	-	-
Total comprehensive loss for the year	-	(34,287)	(34,287)
At 31 March 2016	407,290	(142,866)	264,424

The notes on pages 10 to 18 form an integral part of these financial statements. Independent Auditors' report on page 5.

## STATEMENT OF CASH FLOWS

For the Year Ended March 31, 2016

		2016	2015
	NOTE	USD	USD
<b>OPERATING ACTIVITIES</b>			
Loss before tax		(34,287)	(43,543)
Adjustments to reconcile loss before tax to net cash flows:		3,500	-
Working capital adjustments:			
Increase in other receivables and prepaid expenses		(41,046)	(11,800)
Increase / (decrease) in accrued expenses		230	(3,655)
<b>NET CASH FLOWS USED IN OPERATING ACTIVITIES</b>		<b>(71,603)</b>	<b>(58,998)</b>
<b>FINANCING ACTIVITIES</b>			
Proceeds from issue of shares	9	250,000	100,000
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>		<b>250,000</b>	<b>100,000</b>
Net increase in cash and cash equivalents		178,397	41,002
Cash and cash equivalents at 01 April		42,483	1,481
<b>CASH AND CASH EQUIVALENTS AT 31 MARCH</b>		<b>220,880</b>	<b>42,483</b>

**Note: Cash and cash equivalents comprises of cash at bank.**

The notes on pages 10 to 18 form an integral part of these financial statements. Independent Auditors' report on page 5.

## 01. 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 Cim Fund Services Ltd, 33, Edith Cavell Street, Port Louis, Mauritius. The Company holds a Category 1 Global Business Licence and is regulated by the Financial Services Commission (FSC).

The principal activity of the Company is to provide investment management services.

However, India Infrastructure Opportunities Fund Ltd is currently under liquidation. During the year under review, 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, to which the Company shall provide investment management services. The Fund has not yet started operation.

## 02. 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").

## 03. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below.

### Foreign currency transactions

#### Functional and presentation currency

The Company's functional currency is the 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, the 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 assets

#### Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.

Financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The Company's financial assets include cash at bank and other receivables.

#### Subsequent measurement

##### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the profit or loss.

**Impairment**

At each reporting date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's net realisable price and value in use, that is the present value of estimated future cash flows expected to arise from continuing to use the assets and from its disposals at the end of its useful life.

An impairment loss is recognised as an expense in profit or loss immediately, unless the asset is carried at revalued amount in which case the impairment loss is recognised against the revaluation or fair value reserve for the assets to the extent that the impairment loss does not exceed the amount held in the revaluation or fair value reserve for that same asset. Any excess is recognised immediately in profit or loss.

**Financial liabilities****Initial recognition and measurement**

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, 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 loans and borrowings, net of directly attributable transaction costs.

The Company's financial liabilities include accrued expenses only.

**Derecognition of financial instruments****Financial assets**

A financial asset (or, where applicable a part of a financial asset or part of a company of similar financial assets) is derecognised when:

- 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 right to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it 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**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

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.

**Stated capital**

Ordinary shares are classified as equity, net of costs directly related to the issue of the shares.

**Provision**

A provision is recognised when and only when there is a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow embodying economic benefits will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

**Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when payment is being made. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, and sales taxes or duty.

- Management fees are accounted for on an accrual basis.



**Related parties**

Parties are considered to be related to the Company if they have the ability, directly or indirectly, to control the Company or exercise significant influence over the Company in making financial and operating decisions, or vice versa, or where the Company is subject to common control or common significant influence. Related parties may be individuals or other entities.

**Expenses**

Expenses are accounted for on an accrual basis.

**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 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.

**04. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES**

The accounting policies adopted are consistent with those of the previous financial year except for the following new and amended IFRS and IFRIC interpretations adopted in the year commencing 1 April 2015:

	EFFECTIVE FOR ACCOUNTING PERIOD BEGINNING ON OR AFTER
<b>Amendments to IAS 19 Defined Benefit Plans: Employee Contributions</b>	1 July 2014
Annual Improvements 2010-2012 Cycle	
IFRS 2 Share-based Payment	1 July 2014
IFRS 3 Business Combinations	1 July 2014
IFRS 8 Operating Segments	1 July 2014
IAS 16 Property, Plant and Equipment	1 July 2014
IAS 38 Intangible Assets	1 July 2014
IAS 24 Related Party Disclosures	1 July 2014
<b>Annual Improvements 2011-2013 Cycle</b>	
IFRS 3 Business Combinations	1 July 2014
IFRS 13 Fair Value Measurement	1 July 2014
IAS 40 Investment Property	1 July 2014

Where the adoption of the standards or amendments or improvements is deemed to have an impact on the financial statements or performance of the Company, their impact is described below:

**Annual Improvements 2010-2012 Cycle**

**IAS 24 Related Party Disclosures**

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

Transactions and balances with related parties are disclosed under Note 13.

**Annual Improvements 2011-2013 Cycle**

**IFRS 13 Fair Value Measurement**

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IAS 39. The Company does not apply the portfolio exception in IFRS 13.

**05. STANDARDS ISSUED BUT NOT YET EFFECTIVE**

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt applicable standards when they become effective.

The applicable standards, amendments to existing standards and interpretations for the Company which were in issue but not yet effective are as follows.

	EFFECTIVE FOR ACCOUNTING PERIOD BEGINNING ON OR AFTER
IFRS 9 Financial Instruments	1 January 2018
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	1 January 2016
Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)	1 January 2016
IFRS 14 Regulatory Deferral Accounts	1 January 2016
IFRS 15 Revenue from Contracts with Customers	1 January 2018
IFRS 16 Leases	1 January 2019
Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)	1 January 2016
Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	1 January 2016
Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)	1 January 2016
Amendments to IAS 27: Equity Method in Separate Financial Statement	1 January 2016
Disclosure Initiative (Amendments to IAS 1)	1 January 2016
Annual Improvements 2012-2014 Cycle	1 January 2016

They are mandatory for accounting periods beginning on the specified dates, but the Company has not early adopted them.

An assessment of the standards, amendments to existing standards and interpretations that may impact on the Company's financial statements when they become effective, given existing operations and financial position, is as follows:

**IFRS 9 Financial Instruments - Classification and measurement of financial assets, Accounting for financial liabilities and derecognition - 1 January 2018**

IFRS 9 introduces new requirements for classifying and measuring financial assets, as follows:

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

**Classification and measurement of financial assets**

All financial assets are measured at fair value on initial recognition, adjusted for transaction costs if the instrument is not accounted for at fair value through profit or loss (FVTPL). Debt instruments are subsequently measured at FVTPL, amortised cost or fair value through other comprehensive income (FVOCI), on the basis of their contractual cash flows and the business model under which the debt instruments are held. There is a fair value option (FVO) that allows financial assets on initial recognition to be designated as FVTPL if that eliminates or significantly reduces an accounting mismatch. Equity instruments are generally measured at FVTPL. However, entities have an irrevocable option on an instrument-by-instrument basis to present changes in the fair value of non-trading instruments in other comprehensive income (OCI) (without subsequent reclassification to profit or loss).

**Classification and measurement of financial liabilities**

For financial liabilities designated as FVTPL using the FVO, the amount of change in the fair value of such financial liabilities that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other IAS 39 Financial Instruments: Recognition and Measurement classification and measurement requirements for financial liabilities have been carried forward into IFRS 9, including the embedded derivative separation rules and the criteria for using the FVO.

**Impairment**

The impairment requirements are based on an expected credit loss (ECL) model that replaces the IAS 39 incurred loss model. The ECL model applies to: debt instruments accounted for at amortised cost or at FVOCI; most loan commitments; financial guarantee contracts; contract assets under IFRS 15; and lease receivables under IAS 17

Leases. Entities are generally required to recognise either 12-months' or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition (or when the commitment or guarantee was entered into). For some trade receivables, the simplified approach may be applied whereby the lifetime expected credit losses are always recognised.

The impact on the Company is still being assessed.

#### **Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28) effective 1 January 2016**

This amendment to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in Associates and Joint Ventures (2011) was made to address issues that have arisen in the context of applying the consolidation exception for investment entities by clarifying the following points:

- the exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value.
- a subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity.
- when applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries.
- an investment entity measuring all of its subsidiaries at fair value provides the disclosures relating to investment entities required by IFRS 12.

The amendment will not have an impact on the Company.

#### **Disclosure Initiative (Amendments to IAS 1) • effective 1 January 2016**

This amends IAS 1 Presentation of Financial Statements to address perceived impediments to preparers exercising their judgement in presenting their financial reports by making the following changes:

- clarification that information should not be obscured by aggregating or by providing immaterial information, materiality considerations apply to the all parts of the financial statements, and even when a standard requires a specific disclosure, materiality considerations do apply;
- clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss; and
- additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in paragraph 114 of IAS 1.

This standard would be adopted by the Company on the effective date.

## **06. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of the Company's 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 could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

### **Judgements**

#### **Recoverability of receivable from India Multi Avenues Fund**

The Company is the promoter of a new fund namely India Multi-Avenues Fund Limited ("IMAFL") (previously known as IDFC India Focus Fund Limited). The Company also acts as the Investment Manager of IMAFL. IMAFL will invest in a portfolio of securities comprising principally of shares, depository receipts, convertible bonds, debt securities, derivative instruments and units of Mutual Funds worldwide.

However, given that India Multi-Avenues Fund Limited has not yet started trading, the Company is currently incurring all its expenses on its behalf. The directors have made an assessment of the recoverability of the receivable from IMAFL and believe that there is no indication of impairment.

#### **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.

**07. OTHER RECEIVABLES**

	2016	2015
	USD	USD
Amount receivable from sub fund (note 13a)	49,355	11,800
<b>(a) PREPAYMENTS</b>	2,768	2,778
- Professional indemnity cover	500	500
- Activity licence fees	438	437
- Financial Services Commission licence fees	233	233
- Annual registration fees	3,939	3,948

**08. CASH AT BANK**

	2016	2015
	USD	USD
Cash at bank	220,880	42,483

**09. STATED CAPITAL**

	NO OF SHARES		2016	2015
	2016	2015	USD	USD
At 01 April	157,290	57,290	157,290	57,290
Issue	250,000	100,000	250,000	100,000
At 31 March	407,290	157,290	407,290	157,290

**10. ACCRUED EXPENSES**

	2016	2015
	USD	USD
Audit fees	5,750	5,520
Director fees	2,000	2,000
Administration fees	1,250	1,250
MLRO fees	750	750
	9,750	9,520

**11. MANAGEMENT AND ADVISORY FEES**
**(i) Management fees**

During the year under review, 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. However, the fund has not yet started trading and as such no management fees have been received by the Company.

**(ii) Advisory fees**

The new fund namely 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.

**12. 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 2016, the Company had tax losses of USD 119,044 (2015: USD 88,257).

A numerical reconciliation between accounting loss and tax charge is shown below:

**(a) Statement of comprehensive income:**

	2016	2015
	USD	USD
Loss for the year	(34,287)	(43,543)
Add: Non allowable expenses	3,500	94,959
Tax losses	(30,787)	(31,374)
Loss brought forward	(88,257)	(56,883)
Loss carried forward	(119,044)	(88,257)

**13. RELATED PARTY DISCLOSURES**

The Company had the following related party transactions during the year.

NAME OF RELATED COMPANY	NATURE OF TRANSACTIONS	RELATIONSHIP	2016	2015
			USD	USD
<b>(a) (i) India Multi-Avenues Fund Limited (“IMAFL”)</b>				
At 01 April			8,300	-
Additions during the year			41,055	8,300
At 31 March			49,355	8,300

The Company is the promoter of a fund namely India Multi-Avenues Fund Limited (IMAFL), for which it has incurred expenses amounting to USD 41,055 (2015: USD 8,300). Once IMAFL is launched and starts its operation, it is expected that this amount will be reimbursed to the Company.

**(a) (ii)** In 2015, the Company had paid USD 3,500 to BLC & Associates Ltd for the review of legal and statutory documents of a proposed new fund. This amount was accounted for as a receivables in the financial statements at 31 March 2015. The Fund documents pertained to Equity and a Feeder Fund. However, the project did not materialised and as such there is no possibility to recover these costs. Therefore these have been written off in the accounts of the Company in the current year.

**(b) India Infrastructure Opportunities Fund Ltd (“IIOF”)**

	2016	2015
	USD	USD
Additions during the year	-	10,226
Receipt from IIOF	-	-
Write-off	-	(10,226)
At 31 March	-	-

Expenses incurred on behalf of IIOF have been written off as the Fund is in the process of winding up.

**(c) The India Hybrid Infrastructure Fund Limited (“TIHIFL”)**

	2016	2015
	USD	USD
At 01 April	-	-
Additions during the year	-	1,368
Fees paid on behalf of TIHIFL	-	-
Write off	-	(1,368)
At 31 March	-	-

Expenses incurred on behalf of TIHIFL have been written off as the Fund has been wound up on 26 March 2015.

(d) Hvbrid India Listed Ltd. (“HIL”)

	2016	2015
	USD	USD
At 01 April	-	-
Additions during the year	-	575
Write off	-	(575)
At 31 March	-	-

Expenses incurred on behalf of HIL have been written off as the Fund has been wound up.

(E) NAME OF COMPANY	RELATIONSHIP	NATURE OF TRANSACTIONS	VOLUME OF TRANSACTIONS	BALANCES USD	
				2016	2015
Cim Fund Services Ltd	Administrator, Secretary and directorship	Professional (including director fees)	13,000	13,000	13,000

**14. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

**Fair values**

The carrying amounts of cash at bank, other receivables and accrued expenses 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. Cash at bank are held in reputable financial institutions. Accordingly, the Company has no significant concentration of credit risk. 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 risk of default for the amount receivable from related company is minimal as the IMAFL will be launching its activities soon and will be able to repay its debt.

The maximum exposure to credit risk at the reporting date was:

	2016	2015
	USD	USD
Amount receivable from related company	49,355	11,800
Cash and cash equivalents	220,880	42 483
	270,235	54,283

**Liquidity risk**

The Company maintains and manages liquidity risk through the ability to close out market position. Residual and discounted contractual maturities of financial liabilities are presented below:

2016	ON DEMAND	TOTAL
	USD	USD
Accrued expenses	9,750	9,750

  

2015	ON DEMAND	TOTAL
	USD	USD
Accrued expenses	9 520	9 520

**15. 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 an equivalent amount.

As at 31 March 2016, the Company's minimum stated unimpaired capital has been met.

**16. IMMEDIATE AND ULTIMATE HOLDING COMPANY**

The directors consider IDFC Asset Management Company Limited, a company incorporated in India, as the immediate and ultimate holding company.

**17. EVENTS AFTER REPORTING DATE**

There are no subsequent events.



**CIN** U69990MH1999PLC123190

**DIRECTORS**

Mr. Sunil Kakar (Chairperson)  
Mr. Nityanath Ghanekar  
Mr. Bharat Raut  
Mr. Sridar Venkatesan  
Mr. Geoffroy Sartorius  
Mr. Uday Phadke

**AUDITORS**

S. R. Batliboi & Co. LLP  
Chartered Accountants

**PRINCIPAL  
BANKER**

Standard Chartered Bank  
IDFC Bank Limited

**REGISTERED  
OFFICE**

One Indiabulls Centre,  
6th Floor, Jupiter Mills Compound,  
841, Senapati Bapat Marg,  
Elphinstone Road (West)  
Mumbai 400 013  
**Tel** +91 22 6628 9999  
**Fax** + 91 22 2421 5051  
**Website** [www.idfcmf.com](http://www.idfcmf.com)  
**Email ID** [infoidfcmf@idfc.com](mailto:infoidfcmf@idfc.com)



## BOARD'S REPORT

### TO THE MEMBERS

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

### FINANCIAL HIGHLIGHTS

PARTICULARS	(AMOUNT IN ₹)	
	FOR THE PERIOD ENDED MARCH 31, 2016	FOR THE PERIOD ENDED MARCH 31, 2015
Total Income	1,202,513	841,788
Less: Total Expenses	1,095,405	789,850
Profit before Tax	107,108	51,938
Less: Provision for Tax	33,100	16,000
<b>Profit after Tax</b>	<b>74,008</b>	<b>35,938</b>

### COMPANY'S AFFAIRS

The Company is the Trustee to the schemes of IDFC Mutual Fund ("IDFC MF"). The Assets under Management of IDFC MF were ₹ 51,448.31 crore (excluding Fund of Funds Schemes) as on March 31, 2016.

**New Scheme launches:** During the year, the AMC launched a new scheme under IDFC MF viz., IDFC Corporate Bond Fund, an open-ended debt scheme that would invest only in corporate bonds and would not take any exposure to G-Sec. The AMC also received SEBI clearance for launch of IDFC Nifty ETF and IDFC Sensex ETF and would launch the schemes at appropriate opportunity. Further, the Board approved the launch of new schemes viz., IDFC Balanced Fund and IDFC Money Market Fund, subject to SEBI clearance.

### AMOUNT TO BE CARRIED FORWARD TO RESERVES

The details of amount transferred to reserves are given in note no. 5 of the Notes forming part of the financial statements.

### DIVIDEND

The Directors do not recommend any dividend for the financial year ended March 31, 2016.

### SHARE CAPITAL UPDATE

IDFC Limited ("IDFC") was granted an in-principle approval by the Reserve Bank of India on April 9, 2014 to set up a bank in new private sector. The terms and conditions contained in the Guidelines for Licensing of New Banks in the Private Sector dated February 22, 2013 mandates that all new banks would need to be set up through a Non-Operative Financial Holding Company ("NOFHC"). The NOFHC was required to hold the Bank as well as all the other financial services entities of IDFC Group which are regulated by RBI or other financial sector regulators. Accordingly, IDFC Financial Holding Company Limited ("IDFC FHCL") was incorporated as a wholly owned subsidiary company of IDFC.

Consequent to the restructuring, equity stake held by IDFC in its regulated subsidiary companies engaged in financial activities, including IDFC AMC Trustee Company Limited, was required to be transferred to IDFC FHCL. However, IDFC would continue to be the Sponsor of IDFC Mutual Fund. On July 9, 2015, the Board approved the transfer of approximately 75% of equity stake of the Company from IDFC to IDFC FHCL. The said transfer was executed after obtaining prior approval of Securities and Exchange Board of India.

### 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 period under review.

### PARTICULARS REGARDING CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

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

### 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. Sunil Kakar 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 Mr. Sunil Kakar as Director at the ensuing AGM.

## BOARD'S REPORT

Pursuant to the provisions of Section 149, 150, 152, 160 and other applicable provisions of the Companies Act, 2013, read with the Companies (Appointment and Qualification of Directors) Rules, 2014, Schedule IV to the Companies Act, 2013 and with prior approval of Securities and Exchange Board of India ("SEBI") the Board appointed Mr. Nityanath Ghanekar and Mr. Uday Phadke as an additional Directors w.e.f. September 9, 2015 and April 1, 2016 respectively, in the category of Independent Director ("ID") of the Company. It is proposed to appoint them as Independent Directors for a period starting from the ensuing AGM to hold office till the conclusion of the Eighteenth (18th) Annual General Meeting of the Company to be held for the FY18.

Mr. Jamsheed Kanga and Mr. D.M. Sukthankar were appointed as IDs of the Company at the Extra - Ordinary General Meeting of the Company held on December 19, 2014 for the period of one year starting from the said EGM till the conclusion of the Fifteenth AGM of the Company for FY 14-15 held on July 16, 2015. Consequently, the term of Mr. Jamsheed Kanga and Mr. D.M. Sukthankar was completed on July 16, 2015 and they cease to be Directors of the Company from that day. Further, Mr. Tara Sankar Bhattacharya resigned as Director of the Company w.e.f. October 15, 2015. The Board places on record sincere appreciation for services rendered by them during their tenure.

### 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, seven Board meetings were held on April 23, 2015, June 10, 2015, July 16, 2015, October 21, 2015, December 16, 2015, January 28, 2016 and March 9, 2016. The gap between any two consecutive meetings was within the limit of the period prescribed under the Companies Act, 2013. Attendance details of Board of Directors for the Board Meetings held during FY16 are given below.

NAME OF THE DIRECTOR	DIN NO.	POSITION	NO. OF MEETINGS HELD IN FY16	NO. OF MEETINGS ATTENDED IN FY16
Mr. Sunil Kakar	03055561	Chairperson	7	7
Mr. Nityanath Ghanekar <sup>1</sup>	00009725	Independent Director	4	4
Mr. Bharat Raut	00066080	Independent Director	7	7
Mr. Sridar Venkatesan	02241339	Independent Director	7	6
Mr. Uday Phadke <sup>2</sup>	00030191	Independent Director	NA	NA
Mr. Geoffroy Sartorius	03536833	Nominee of NATIXIS Global Asset Management	7	2
Mr. Jamsheed Kanga <sup>3</sup>	00045641	Independent Director	3	3
Mr. D. M. Sukthankar <sup>3</sup>	00034416	Independent Director	3	3
Mr. T. S. Bhattacharya <sup>4</sup>	00157305	Independent Director	3	2

<sup>1</sup> Appointed as an Independent Director w.e.f. September 9, 2015.

<sup>2</sup> Appointed as an Independent Director w.e.f. April 1, 2016.

<sup>3</sup> Ceased to be Directors of the Company w.e.f. July 16, 2015.

<sup>4</sup> Ceased to be Director of the Company w.e.f. October 15, 2015.

### AUDIT COMMITTEE

During the year, Four Audit Committee meetings were held on April 23, 2015, July 16, 2015, October 21, 2015 and January 28, 2016. The gap between two meetings was within the limit of the period prescribed under the Companies Act, 2013.

On October 13, 2015, the Audit Committee of the Company was re-constituted by the Board as per the provisions of section 177 the Companies Act, 2013 and rules made thereunder. The composition of Audit Committee is in compliance with the Companies Act, 2013. Attendance details of Directors for the Audit Committee Meetings held during FY16 are given below.

NAME OF THE MEMBER	POSITION	STATUS	NO. OF MEETINGS HELD	NO. OF MEETINGS ATTENDED
Mr. Nityanath Ghanekar <sup>1</sup>	Independent Director	Chairperson	2	2
Mr. Bharat Raut	Independent Director	Member	4	4
Mr. Geoffroy Sartorius	Nominee of NATIXIS Global Asset Management	Member	4	2
Mr. Sunil Kakar <sup>2</sup>	Director	Member	2	2
Mr. Jamsheed Kanga <sup>3</sup>	Independent Director	Chairperson	2	2
Mr. D. M. Sukthankar <sup>4</sup>	Independent Director	Member	2	2

<sup>1</sup> Appointed as a Chairperson of the Committee w.e.f. October 13, 2015

<sup>2</sup> Ceased to be a Member of the Committee w.e.f. October 13, 2015

<sup>3</sup> Ceased to be Chairperson of the Company w.e.f. July 16, 2015

<sup>4</sup> Ceased to be a Member of the Company w.e.f. July 16, 2015

## BOARD'S REPORT

### STATUTORY AUDITORS

At the Fourteenth AGM of the Company, the Shareholders approved the appointment of S.R. Batliboi & Co. LLP, Chartered Accountants, having ICAI Firm Registration Number- 301003E, a member firm of Ernst & Young Global Limited, as Statutory Auditors for a period of five consecutive years i.e. from 14th AGM of the Company held for FY14 to 19th AGM of the Company to be held for FY19.

As per the provisions of the Companies Act, 2013 and Rules made there under, the above appointment is required to be ratified at every AGM. The Statutory Auditors have confirmed that they are eligible to be appointed as Statutory Auditors for FY17.

The Members are requested to ratify the appointment of S.R. Batliboi & Co. LLP, Chartered Accountants as Statutory Auditors of the Company for FY17.

There are no qualifications or observations or other remarks made by the Statutory Auditors in their 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, an endeavour was made consistently that they 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.

### RISK MANAGEMENT

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

### MATERIAL CHANGES/ COMMITMENTS

There have been no reportable changes and commitments, affecting the financial position of the Company that has occurred during the period from March 31, 2016 till the date of this report.

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

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

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

There were 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.

### EXTRACT OF ANNUAL RETURN

The extract of Annual Return in the prescribed Form No. MGT 9 is appended as **Annexure I**.

### DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that:

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

### ACKNOWLEDGEMENTS

The Board places on record its gratitude to the Securities and Exchange Board of India, Reserve Bank of India, Association of Mutual Funds of India, other regulatory authorities and institutions, Investors in the Mutual Fund schemes and to the Members for their continued guidance and support.

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

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

**Sunil Kakar**  
Chairperson

Mumbai, June 25, 2016

# ANNEXURE I

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

AS ON THE FINANCIAL YEAR ENDED ON MARCH 31, 2016

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

### I. REGISTRATION AND OTHER DETAILS:

i) CIN	U69990MH1999PLC123190
ii) Registration Date	20/12/1999
iii) Name of the Company	IDFC AMC TRUSTEE COMPANY LIMITED
iv) Category / Sub-Category of the Company	Company Limited by shares Indian Non-Government Company
v) Address of the Registered office and contact details	One India Bulls Centre, 841 Jupiter Mills Compound, Senapati Bapat Marg, Elphinstone (West), Mumbai - 400013, Maharashtra. Tel.: +91 22 6628 9999, Fax: +91 22 2421 5051
vi) Whether listed company Yes / No	No
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	TSR Darashaw Limited 6-10, Haji Moosa Patrawala Industrial Estate, 20 Dr. E. Moses Road, Mahalaxmi, Mumbai- 400011. Tel.: +91 22 6656 8484

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

SR. NO.	NAME AND DESCRIPTION OF MAIN PRODUCTS / SERVICES	NIC CODE OF THE PRODUCT / SERVICE	% TO TOTAL TURNOVER OF THE COMPANY
1.	Trustee of Mutual Fund	6619	100%

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

SR. NO.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1.	IDFC Financial Holding Company Limited	U65900TN2014PLC097942	Holding	approx. 75%	Section 2(46)
2	IDFC Limited	L65191TN1997PLC037415	Ultimate Holding	Indirectly approx. 75%	Section 2(46)

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

(i) Category-wise Share Holding

CATEGORY OF SHAREHOLDERS	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR				NO. OF SHARES HELD AT THE END OF THE YEAR				% CHANGE DURING THE YEAR
	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
Promoter									
(1) Indian									
Individual/ HUF	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Central Govt	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
State Govt(s)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Bodies Corp.	37,493	6	37,499	75%	37,493	6	37,499	75%	NIL
Banks/FI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Any Other..	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
<b>Sub-total (A) (1):-</b>	<b>37,493</b>	<b>6</b>	<b>37,499</b>	<b>75%</b>	<b>37,493</b>	<b>6</b>	<b>37,499</b>	<b>75%</b>	<b>NIL</b>
(2) Foreign	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
a) NRIs - Individuals									
b) Other - Individuals									
c) Bodies Corp.									
d) Banks /									
e) Any Other									
<b>Sub-total (A) (2):-</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>37,493</b>	<b>6</b>	<b>37,499</b>	<b>75%</b>	<b>37,493</b>	<b>6</b>	<b>37,499</b>	<b>75%</b>	<b>NIL</b>

# ANNEXURE I

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

CATEGORY OF SHAREHOLDERS	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR				NO. OF SHARES HELD AT THE END OF THE YEAR				% CHANGE DURING THE YEAR
	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
a) Mutual Funds									
b) Banks/FI									
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
<b>Sub-total (B)(1):-</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
ii) Overseas	12,501	NIL	12,501	25%	12,501	NIL	12,501	25%	NIL
b) Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh									
c) Others (specify)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
<b>Sub-total (B)(2):-</b>	<b>12,501</b>	<b>NIL</b>	<b>12,501</b>	<b>25%</b>	<b>12,501</b>	<b>NIL</b>	<b>12,501</b>	<b>25%</b>	<b>NIL</b>
<b>Total Public Shareholding (B) = (B)(1) + (B)(2)</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
<b>Grand Total (A+B+C)</b>	<b>49,994</b>	<b>6</b>	<b>50,000</b>	<b>100%</b>	<b>49,994</b>	<b>6</b>	<b>50,000</b>	<b>100%</b>	<b>NIL</b>

### (ii) Shareholding of Promoters

SR. NO.	SHAREHOLDER'S NAME	SHAREHOLDING AT THE BEGINNING OF THE YEAR			SHARE HOLDING AT THE END OF THE YEAR			% CHANGE IN SHARE HOLDING DURING THE YEAR
		NO. OF SHARES	% OF TOTAL SHARES OF THE COMPANY	% OF SHARES PLEDGED/ ENCUMBERED TO TOTAL SHARES	NO. OF SHARES	% OF TOTAL SHARES OF THE COMPANY	% OF SHARES PLEDGED/ ENCUMBERED TO TOTAL SHARES	
1.	IDFC Limited	37,499	75%	NIL	NIL	NIL	NIL	(100%)
9.	IDFC Financial Holding Company Limited	NIL	NIL	NIL	37,499	75%	NIL	100%
<b>TOTAL</b>		<b>37,499</b>	<b>75%</b>		<b>37,499</b>	<b>75%</b>		

## ANNEXURE I

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

#### (iii) Change in Promoters' Shareholding:

SR. NO.		SHAREHOLDING AT THE BEGINNING OF THE YEAR		CUMULATIVE SHAREHOLDING DURING THE YEAR	
		NO. OF SHARES	% OF TOTAL SHARES OF THE COMPANY	NO. OF SHARES	% OF TOTAL SHARES OF THE COMPANY
1	At the beginning of the year	37,499	75%	37,499	75%
2	Date wise Increase/ Decrease in Promoters Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/ sweat equity etc.):	37,499 shares transferred from IDFC Limited and its nominees to IDFC Financial Holding Company Limited and its nominees on July 9, 2015	75%	37,499 shares transferred from IDFC Limited and its nominees to IDFC Financial Holding Company Limited and its nominees on July 9, 2015	75%
3	At the end of the year	37,499	75%	37,499	75%

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

NOT APPLICABLE

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

#### V. INDEBTEDNESS

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

#### VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

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

B. Remuneration to other directors:

IN ₹

SR. NO.	PARTICULARS OF REMUNERATION	NAME OF DIRECTORS								TOTAL AMOUNT
		SUNIL KAKAR	JAMSHEED KANGA	D. M. SUKTHANKAR	T. S. BHATTACHARYA	BHARAT RAUT	SRIDAR VENKATESAN	GEOFFROY SARTORIUS	NITYANATH GHANEKAR	
1.	Independent Directors									
	Fee for attending board /committee meetings	NIL	60,000	60,000	30,000	210,000	120,000	NIL	150,000	630,000
	Commission	NIL	NIL	NIL	NIL	NIL	NIL	NIL		NIL
	Others, please specify	NIL	NIL	NIL	NIL	NIL	NIL	NIL		NIL
	<b>TOTAL (1)</b>	<b>NIL</b>	<b>60,000</b>	<b>60,000</b>	<b>30,000</b>	<b>210,000</b>	<b>120,000</b>	<b>NIL</b>	<b>150,000</b>	<b>630,000</b>
2.	Other Non-Executive Directors									
	Fee for attending board committee meetings	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	Commission									
	Others, please specify									
	<b>TOTAL (2)</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
	<b>TOTAL (B) = (1 + 2)</b>	<b>NIL</b>	<b>60,000</b>	<b>60,000</b>	<b>30,000</b>	<b>210,000</b>	<b>120,000</b>	<b>NIL</b>	<b>150,000</b>	<b>630,000</b>

Note: Sitting fees paid to Directors is within the overall Ceiling limit as prescribed under the Companies Act, 2013.

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD: NOT APPLICABLE

#### VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES: NIL

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF IDFC AMC TRUSTEE COMPANY LIMITED

#### Report on the Financial Statements

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

#### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2016, its profit, and its cash flows for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

1. 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 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. 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 purpose 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, Statement of Profit and Loss, 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, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - (e) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of Section 164 (2) of the Act;

## INDEPENDENT AUDITOR'S REPORT

- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" to this report;
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company does not have any pending litigations which would impact its financial position;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E

**per Viren H. Mehta**

Partner

Membership Number: 048749

Mumbai, April 27, 2016



## ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

**Annexure referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date Re: IDFC AMC Trustee Company Limited**

- (i) The company does not have any fixed assets. Accordingly, the provisions of clause 3 (i) of the Order are not applicable to the Company and hence not commented upon.
- (ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 4(ii) of the Order are not applicable to the Company.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable. Accordingly, the provisions of clause 3(iv) of the Order are not applicable to the Company and hence not commented upon.
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the services of the Company.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including income-tax, service tax, cess and other material statutory dues applicable to it. The provisions relating to employees' state insurance, provident fund, sales-tax, duty of custom, duty of excise, value added tax, are not applicable to the Company.  
(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.  
(c) According to the information and explanations given to us, there are no dues of income-tax, sales-tax, service tax, custom duty, excise duty, value added tax and cess which have not been deposited on account of any dispute.
- (viii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders or government.
- (ix) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, the Company has not raised any money way of initial public offer / further public offer / debt instruments and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the provisions of section 197 read with Schedule V of the Act is not applicable to the company and hence reporting under clause 3(xi) are not applicable and hence not commented upon.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

**For S. R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E

**per Viren H. Mehta**

Partner

Membership Number: 048749

Mumbai, April 27, 2016

## ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

### ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF IDFC AMC TRUSTEE COMPANY LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

#### To the Members of IDFC AMC Trustee Company Limited

We have audited the internal financial controls over financial reporting of IDFC AMC Trustee Company Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, 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 Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

#### Meaning of Internal Financial Controls Over Financial Reporting

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

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

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

#### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

#### Explanatory paragraph

We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act, the financial statements of IDFC AMC Trustee Company Limited, which comprise the Balance Sheet as at March 31, 2016, and the related Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, and our report dated April 27, 2016 expressed an unqualified opinion thereon.

For S. R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E

per Viren H. Mehta

Partner

Membership Number: 048749

Mumbai, April 27, 2016

## BALANCE SHEET

AS AT MARCH 31, 2016

	NOTES	AS AT MARCH 31, 2016 ₹	AS AT MARCH 31, 2016 ₹	AS AT MARCH 31, 2015 ₹
<b>EQUITY AND LIABILITIES</b>				
<b>Shareholders' funds</b>				
(a) Share capital	4	500,000		500,000
(b) Reserves and surplus	5	527,763		453,755
			1,027,763	953,755
<b>Non-current liabilities</b>				
(a) Other long-term liabilities	6		30,000	30,000
<b>Current liabilities</b>				
(a) Other current liabilities	7	4,037		7,556
(b) Short-term provisions	8	371,425		114,711
			375,462	122,267
<b>TOTAL</b>			<b>1,433,225</b>	<b>1,106,022</b>
<b>ASSETS</b>				
<b>Non-current assets</b>				
(a) Long-term loans and advances	9		229,738	201,838
<b>Current assets</b>				
(a) Trade receivables	10	114,500		78,652
(b) Cash and bank balances	11	1,084,076		798,665
(c) Short-term loans and advances	9	4,911		26,867
			1,203,487	904,184
<b>TOTAL</b>			<b>1,433,225</b>	<b>1,106,022</b>
Summary of significant accounting policies	3			

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

As per our report of even date

**For S. R. Batliboi & Co. LLP**  
Chartered Accountants  
ICAI Firm Registration No. 301003E

**Viren H. Mehta**  
Partner  
(Membership No. 048749)

For and on behalf of the Board of Directors of  
**IDFC AMC Trustee Company Limited**

**Nityanath Ghanekar**  
Director

**Sunil Kakar**  
Director

Mumbai | April 27, 2016

## STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2016

	NOTES	YEAR ENDED MARCH 31, 2016 ₹	YEAR ENDED MARCH 31, 2015 ₹
<b>I INCOME</b>			
Revenue from operations			
Trusteeship fees		1,200,000	840,000
Other income	12	2,513	1,788
<b>TOTAL INCOME (I)</b>		<b>1,202,513</b>	<b>841,788</b>
<b>II EXPENSES</b>			
Other expenses	13	1,095,405	789,850
<b>TOTAL EXPENSES (II)</b>		<b>1,095,405</b>	<b>789,850</b>
<b>III PROFIT BEFORE TAX (I - II)</b>		<b>107,108</b>	<b>51,938</b>
<b>IV TAX EXPENSE (CURRENT TAX)</b>		<b>33,100</b>	<b>16,000</b>
<b>V PROFIT AFTER TAX (III - IV)</b>		<b>74,008</b>	<b>35,938</b>
Basic and diluted earnings per equity share (Nominal value of share ₹10)	16	1.48	0.72
Summary of significant accounting policies	3		

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

As per our report of even date

**For S. R. Batliboi & Co. LLP**  
Chartered Accountants  
ICAI Firm Registration No. 301003E

**Viren H. Mehta**  
Partner  
(Membership No. 048749)

For and on behalf of the Board of Directors of  
**IDFC AMC Trustee Company Limited**

**Nityanath Ghanekar**  
Director

**Sunil Kakar**  
Director

Mumbai | April 27, 2016

## CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2016

		YEAR ENDED MARCH 31, 2016	YEAR ENDED MARCH 31, 2015
	₹	₹	₹
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before tax		107,108	51,938
<b>Changes in working capital:</b>			
(Increase)/decrease in loans and advances (short-term)	21,956		(16,928)
(Increase)/decrease in trade receivables	(35,848)		-
Increase/(decrease) in current liabilities	249,358		11,905
		235,466	(5,023)
Cash generated from/(used in) operations		342,574	46,915
Direct taxes paid (net of refund received)		(57,163)	(40,164)
<b>Net cash flow from operating activities (A)</b>		<b>285,411</b>	<b>6,751</b>
<b>Net cash flow from investing activities (B)</b>		<b>-</b>	<b>-</b>
<b>Net cash flow from financing activities (C)</b>		<b>-</b>	<b>-</b>
Net increase/(decrease) in cash and cash equivalents (A + B + C)		285,411	6,751
Cash and cash equivalents as at beginning of the year (refer note 11)		798,665	791,914
Cash and cash equivalents as at end of the year (refer note 11)		1,084,076	798,665
		<b>285,411</b>	<b>6,751</b>

As per our report of even date

**For S. R. Batliboi & Co. LLP**  
Chartered Accountants  
ICAI Firm Registration No. 301003E

**Viren H. Mehta**  
Partner  
(Membership No. 048749)

Mumbai | April 27, 2016

For and on behalf of the Board of Directors of  
**IDFC AMC Trustee Company Limited**

**Nityanath Ghanekar**  
Director

**Sunil Kakar**  
Director

**01 NATURE OF OPERATIONS**

IDFC AMC Trustee Company Limited ('the Company') is a public limited company, incorporated in India and regulated by The Securities Exchange Board of India (SEBI).

During the year, IDFC Limited has transferred its shareholding in IDFC AMC Trustee Company Limited to IDFC Financial Holding Company Limited which is a wholly owned subsidiary of IDFC Limited with effect from July 9, 2015.

**02 BASIS OF PREPARATION**

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014 and the applicable guidelines issued by SEBI. The financial statements have been prepared on the accrual basis under the historical cost convention. The accounting policies followed in the preparation of financial statements are consistent with those followed in the previous year.

**03 SIGNIFICANT ACCOUNTING POLICIES****A. USE OF ESTIMATES**

The preparation of financial statements in conformity with Indian GAAP requires the Management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the end of reporting period. Although these estimates are based on management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

**B. REVENUE RECOGNITION**

- Revenue is recognised to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured.
- Income from trusteeship services is recognised at price agreed in accordance with the arrangement with the IDFC Mutual Fund.

**C. PROVISIONS**

- A provision is recognised when the Company has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the reporting date. These are reviewed at each reporting date and adjusted to reflect the current best estimates.

**D. INCOME TAX**

- Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act 1961, enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates. The tax rate and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognised directly in equity is recognised in equity and not in the Statement of Profit and Loss.
- Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the Statement of Profit and Loss.

Deferred tax liabilities are recognised for all taxable timing differences. Deferred tax assets are recognised for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

**E. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank and in hand and short term investments with an original maturity of three months or less.

**F. EARNING PER SHARE**

Basic earnings per share is computed by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**G. SEGMENT REPORTING**

The Company's primary business segments are reflected based on the principal business carried out, i.e. Trusteeship Services. The risk and returns of the business of the Company is not associated with geographical segmentation, hence there is no secondary segment reporting based on geographical segment.

**04 SHARE CAPITAL**

	AS AT MARCH 31, 2016		AS AT MARCH 31, 2015	
	NUMBER	(₹)	NUMBER	(₹)
<b>AUTHORISED SHARES</b>				
Equity shares of ₹10 each	50,000	500,000	50,000	500,000
<b>ISSUED, SUBSCRIBED &amp; FULLY PAID-UP SHARES</b>				
Equity shares of ₹10 each	50,000	500,000	50,000	500,000
TOTAL ISSUED, SUBSCRIBED AND FULLY PAID-UP SHARE CAPITAL		500,000		500,000

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

	AS AT MARCH 31, 2016		AS AT MARCH 31, 2015	
	NUMBER	(₹)	NUMBER	(₹)
Outstanding at the beginning of the year	50,000	500,000	50,000	500,000
Issued during the year	-	-	-	-
<b>Outstanding at the end of the year</b>	<b>50,000</b>	<b>500,000</b>	<b>50,000</b>	<b>500,000</b>

**(b) Terms/rights attached to equity shares**

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

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

**(c) Shares held by holding/ultimate holding company**

Out of the equity shares issued by the Company, shares held by its holding company/ultimate holding company are as below:

	AS AT MARCH 31, 2016		AS AT MARCH 31, 2015	
	NUMBER	(₹)	NUMBER	(₹)
IDFC Limited (of which 6 shares are held jointly with nominees)	-	-	37,499	374,990
IDFC Financial Holding Company Limited (of which 6 shares are held jointly with nominees)	37,499	374,990	-	-

**(d) Details of shareholders holding more than 5% of the equity shares in the Company**

	AS AT MARCH 31, 2016		AS AT MARCH 31, 2015	
	NUMBER	% OF HOLDING	NUMBER	% OF HOLDING
IDFC Limited (of which 6 shares are held jointly with nominees)	-	-	37,499	75.00%
IDFC Financial Holding Company Limited (of which 6 shares are held jointly with nominees)	37,499	75.00%	-	-
Natixis Global Asset Management Asia Pte. Limited	12,501	25.00%	12,501	25.00%

**05 RESERVES AND SURPLUS**

	AS AT MARCH 31, 2016	AS AT MARCH 31, 2015
	(₹)	(₹)
<b>SURPLUS IN THE STATEMENT OF PROFIT AND LOSS</b>		
Opening balance	453,755	417,817
Add: Profit for the year	74,008	35,938
<b>Closing balance</b>	<b>527,763</b>	453,755

**06 OTHER LONG-TERM LIABILITIES**

	AS AT MARCH 31, 2016	AS AT MARCH 31, 2015
	(₹)	(₹)
Other payables - Corpus	30,000	30,000
<b>TOTAL</b>	<b>30,000</b>	30,000

**07 OTHER CURRENT LIABILITIES**

	AS AT MARCH 31, 2016	AS AT MARCH 31, 2015
	(₹)	(₹)
Statutory dues payable	4,037	7,556
<b>TOTAL</b>	<b>4,037</b>	7,556

**08 SHORT TERM PROVISIONS**

	AS AT MARCH 31, 2016	AS AT MARCH 31, 2015
	(₹)	(₹)
Provision for income tax (Net of advance tax of ₹231,132; Previous year ₹218,969)	46,468	42,631
Other short term provisions (read with note 17)	324,957	72,080
<b>TOTAL</b>	<b>371,425</b>	114,711

**09 LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD)**

	AS AT MARCH 31, 2016		AS AT MARCH 31, 2015	
	NON-CURRENT PORTION	CURRENT MATURITIES	NON-CURRENT PORTION	CURRENT MATURITIES
	(₹)	(₹)	(₹)	(₹)
Balances with government authorities - Service tax credit receivable	-	4,911	-	26,867
Advance tax (Net of provision ₹150,600; Previous year ₹133,500)	229,738	-	201,838	-
<b>TOTAL</b>	<b>229,738</b>	<b>4,911</b>	201,838	26,867

**10 TRADE RECEIVABLES (UNSECURED, CONSIDERED GOOD)**

	AS AT MARCH 31, 2016	AS AT MARCH 31, 2015
	(₹)	(₹)
Outstanding for a period less than six months	114,500	78,652
<b>TOTAL</b>	<b>114,500</b>	78,652

**11 CASH AND BANK BALANCES**

	AS AT MARCH 31, 2016	AS AT MARCH 31, 2015
	(₹)	(₹)
Cash and cash equivalents		
Balances with banks: In current accounts	1,084,076	798,665
<b>TOTAL</b>	<b>1,084,076</b>	798,665



**12 OTHER INCOME**

	YEAR ENDED MARCH 31, 2016	YEAR ENDED MARCH 31, 2015
	(₹)	(₹)
Interest on income tax refund	2,513	1,788
<b>TOTAL</b>	<b>2,513</b>	<b>1,788</b>

**13 OTHER EXPENSES**

	YEAR ENDED MARCH 31, 2016	YEAR ENDED MARCH 31, 2015
	(₹)	(₹)
Travelling and conveyance	134,823	132,089
Printing, stationery and postage	1,890	3,780
Professional fees	105,732	48,161
Directors' sitting fees	590,000	460,000
Internet expenses	25,000	25,000
Statutory Notice	9,804	-
Miscellaneous expenses	5,906	1,039
Meeting and other expenses	187,844	85,544
Auditors' remuneration (refer note (a) below)	31,906	31,737
Profession tax paid	2,500	2,500
<b>TOTAL</b>	<b>1,095,405</b>	<b>789,850</b>

**(a) Break up of auditors' remuneration:**

	YEAR ENDED MARCH 31, 2016	YEAR ENDED MARCH 31, 2015
	(₹)	(₹)
Audit fee	15,000	15,000
Other services	12,000	12,000
Out of pocket expenses	4,906	4,737
<b>TOTAL</b>	<b>31,906</b>	<b>31,737</b>

**14** The Company is engaged in the business of providing trusteeship services. As such there is no separate reportable primary business segment or geographical segment as required by Accounting Standard 17 on "Segment Reporting".

**15 RELATED PARTY DISCLOSURES**

Names of the related parties where control exists irrespective of whether transactions have been occurred or not:

**I. Ultimate Holding Company:**

IDFC Limited (w.e.f. July 9, 2015)

**II. Holding Company:**

IDFC Limited (upto July 8, 2015)

IDFC Financial Holding Company Limited (w.e.f. July 9, 2015)

Names of the related parties with which there are transactions during the year:

**III. Fellow Subsidiary:**

IDFC Asset Management Company Limited

**Details of transactions:**

NAME OF RELATED PARTY AND NATURE OF RELATIONSHIP	TRANSACTIONS DURING THE YEAR	YEAR ENDED	YEAR ENDED
		MARCH 31, 2016	MARCH 31, 2015
		(₹)	(₹)
<b>I. FELLOW SUBSIDIARIES:</b>			
IDFC Asset Management Company Limited	Reimbursement of expenses	318,356	193,544

**16 THE BASIC AND DILUTED EARNINGS PER SHARE HAS BEEN CALCULATED BASED ON THE FOLLOWING:**

	YEAR ENDED	YEAR ENDED
	MARCH 31, 2016	MARCH 31, 2015
	(₹)	(₹)
Net profit after tax	74,008	35,938
Weighted average number of equity shares (Nos.)	50,000	50,000
Basic and diluted earnings per share (₹)	1.48	0.72

**17** As per information available with the Company, there are no micro, small or medium enterprises as defined in 'The Micro, Small and Medium Enterprises Development Act, 2006', to whom the company owes dues on account of principal amount together with interest and accordingly no additional disclosures have been made. The above information regarding micro, small and medium enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company and relied upon by auditors.

**18** The figures for the previous year have been regrouped wherever necessary, in order to make them comparable to the current year.