

IDFC BHARAT LIMITED

CIN U65929TN2003PLC050856

DIRECTORS Mr. S. Devaraj (Chairman)
Dr. J. Sadakkadulla
Mr. A. Krishnamoorthy
Mr. Ashish Singh
Mr. Arjun Muralidharan

AUDITORS M/s. Walker Chandiok & Co LLP
Chartered Accountants

**PRINCIPAL
BANKER** IDFC Bank Limited

**REGISTERED
OFFICE** No. 9, Paripoorna Towers,
Manoranjitham Street,
Annamalai Nagar, Tiruchirappalli,
Tamil Nadu - 620 018
Tel: +91 431 4500000
Fax: +91 431 2750393
Website www.idfcbharat.com
Email ID sampark@idfcbharat.com

BOARD'S REPORT

TO THE MEMBERS

Your Directors have pleasure in presenting the Fifteenth Annual Report of **IDFC Bharat Limited** (formerly known as Grama Vidiyal Micro Finance Limited) together with the audited financial statements for the financial year ended March 31, 2018.

FINANCIAL HIGHLIGHTS (SUMMARY)

PARTICULARS	(AMOUNT IN ₹)	
	FOR THE YEAR ENDED MARCH 31, 2018	FOR THE YEAR ENDED MARCH 31, 2017
Total Income	1,772,998,576	2,629,469,448
Less: Expenditure	(1,396,249,163)	(2,202,286,574)
Profit / (Loss) before depreciation	376,749,413	427,182,874
Less: Depreciation	(47,286,744)	(31,328,897)
Profit / (Loss) before tax and exceptional items	329,462,669	395,853,977
Less : Exceptional items	0	(186,863,267)
Profit Before tax	329,462,669	208,990,710
Less: Taxes	(1,16,943,165)	(84,857,440)
Net Profit / (Loss)	212,519,504	124,133,270

CHANGE OF NAME

Pursuant to the Shareholders approval obtained at the Extra Ordinary General Meeting held on March 21, 2017, the name of the Company was changed from "Grama Vidiyal Micro Finance Limited" to "IDFC Bharat Limited" with effect from April 17, 2017.

BUSINESS & OVERVIEW

The Company has entered into a Business Correspondent (BC) agreement with IDFC Bank Limited (IDFC Bank) dated September 01, 2016, by which it agreed to act as a BC to IDFC Bank for distribution of its products. In addition to the distribution of existing products, during the year, IDFC Bharat Limited (IBL or the Company) has started accepting Regular Savings Deposits product and is in the process of introducing new products such as housing loan and other allied products in the next financial year.

TRANSFER TO RESERVES

Since the Company is no longer registered with RBI under Section 45IA of the Reserve Bank of India Act, 1934, the requirement of creating a Reserve Fund (Statutory Reserve) in terms of Section 45-IC(1) of the Reserve Bank of India Act, 1934 and transferring 20% of the profit to the Statutory Reserve does not arise. Consequently, no amount has been transferred to the said Reserve Fund during the year.

REVIEW OF PERFORMANCE

The total number of branches of the Company as on March 31, 2018 was 346 with operations in Seven (7) states viz. Tamil Nadu, Maharashtra, Madhya Pradesh, Puducherry, Kerala, Karnataka and Gujarat as compared to 326 Branches during the previous year.

For the year ended March 31, 2018, total income of the Company was INR 177.29 crore as compared to INR 262.94 crore during the Previous Year which fell by 32% however the Profit Before Tax for the year has gone up by 57.64% which stood at INR 32.94 crore as compared to INR 20.89 crore and the Net Profit for the year was INR 21.25 crore as compared to profit of INR 12.41 crore in the previous year which is a sharp increase by 71.20% on a year over year basis.

DIVIDEND

During the month of October, the Company has declared a dividend of ₹ 20/- per share at the rate of 200% of the Face Value of the paid up equity share amounting to ₹ 11,15,99,920/-. Further the board had recommended a dividend of ₹120/- per share at the rate of 1200% of the face value of the paid up equity share amounting to ₹ 66,95,99,520/- (Rupees Sixty-Six Core Ninety-Five Lakh Ninety-Nine Thousand Five Hundred and Twenty Only) subject to the approval of the members at the Annual General Meeting of the Company.

HOLDING COMPANY / SUBSIDIARY COMPANY / JOINT VENTURES / ASSOCIATE COMPANY

The Company is a wholly owned subsidiary of IDFC Bank. The Company does not have any Subsidiary Company / Joint Venture / Associate Company. Since the Company does not have any subsidiary / JV / Associate Company disclosure under section 134(3)(q) read with Rule 8(1) of Companies (Accounts) Rules 2014 is not applicable.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

The total number of employees of the Company as on March 31, 2018 was 3,856 as compared to 3,432 as on March 31, 2017.

SHARE CAPITAL UPDATE

The Company did not issue any fresh equity share capital, during FY18.

BOARD'S REPORT

The Company has so far issued a total of 5,579,996 equity shares of INR 10/- each. The capital structure of the Company as on March 31, 2018 was as follows:

SHARE CAPITAL	AMOUNT IN ₹
AUTHORISED	
Equity Shares	250,000,000
Preference Shares	250,000,000
TOTAL	500,000,000
ISSUED, SUBSCRIBED AND FULLY PAID-UP	
Equity Shares	55,799,960
Preference Shares	-
TOTAL	55,799,960

PUBLIC DEPOSITS

Except the "security deposits" collected from the employees whose name appearing in the Company's muster role, the Company has neither invited nor accepted, any "Public Deposits" during FY18. Hence, disclosure under section 134(3)(q) read with Rule 8(5)(v) & (vi) of Companies (Accounts) Rules 2014 is not required.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

The Company has not provided any loans / guarantees or made investments during FY18. Hence, the provision of Section 186 of the Companies Act, 2013 are not applicable to the Company and the particulars of loans, guarantees and investments under section 134(3)(g) is not applicable.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

Your Company has in place a Whistle Blower Policy, so as to establish a Vigil Mechanism to enable Directors and employees to report genuine concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct. The Audit Committee of the Board reviews the Complaints received, redressed, objected, withdrawn and dismissed for, every quarter in their meeting. During the year, there were no complaints under this policy. The Whistle Blower policy is available in the website of the Company at the following address www.idfcbharat.com.

FOREIGN EXCHANGE EARNINGS AND EXPENDITURE

Your Company has neither incurred any foreign exchange expenditure and nor earned any foreign exchange income during the year ended March 31, 2018.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

Since the Company does not own any manufacturing facility, the particulars regarding conservation of energy, technology absorption and other particulars as required by Section 134 (3)(m) of the Act, read with the Companies (Accounts) Rules, 2014 are not applicable.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year Mr. Ashish Singh (DIN: 01768711) was appointed as additional director in the category of Nominee Director, representing IDFC Bank Limited, with effect from January 17, 2018 till the conclusion of the ensuing Annual General Meeting of the Company. Further, the appointment of Dr. J. Sadakkadulla (DIN: 07544406) and Mr. Ravi Shankar (DIN: 05106028) who were appointed in the category of Independent Director and Nominee Director respectively, got regularised by the approval of shareholders at the Fourteenth Annual General Meeting of the Company held on September 04, 2017.

The office of Mr. R. Ravi Shankar stands vacated due to his sudden demise with effect from November 07, 2017.

During FY18, all appointments were made in compliance with the provisions of applicable regulations. None of the Directors of the Company are disqualified to be appointed as Directors in accordance with Section 164 of the Act.

During the year under review, there was no change in the Key Managerial Personnels of the Company and as on March 31, 2018, Key Managerial Personnel of the Company were as follows:

- i. Mr. Arjun Muralidharan - Managing Director and CEO
- ii. Mr. Bobby Xavier - Company Secretary

DECLARATION OF INDEPENDENCE

The Company has received declarations from Independent Directors (IDs), at the first meeting of the Board of Directors held in FY18 confirming that, they meet the criteria of independence specified under sub-sections (6) and (7) of Section 149 of the Act, read with Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014, and that they shall abide by the Code for Independent Directors as per Schedule IV of the Act.

BOARD'S REPORT

BOARD MEETINGS

During FY18, the Board met 6 times on April 20, 2017; July 21, 2017; October 16, 2017; January 17, 2018; January 17, 2018 & March 21, 2018. The gap between any two consecutive meetings was less than one hundred and twenty days.

The attendance details of the Board Meetings held during FY18 is given in the table below:

NAME OF THE DIRECTOR	DIN	POSITION	NO. OF MEETINGS HELD IN FY18	NO. OF MEETINGS ATTENDED IN FY18
Mr. S. Devaraj	01936417	Executive Chairman	6	6
Mr. Arjun Muralidharan	02726409	Managing Director & CEO	6	6
Mr. A. Krishnamoorthy	00386122	Independent Director	6	6
Dr. J. Sadakkadulla	07544406	Independent Director	6	6
Mr. R. Ravishankar ¹	05106028	Non-Executive Director	3	3
Mr. Ashish Singh ²	01768711	Non-Executive Director	2	2

¹ upto November 07, 2017

² Appointed as Additional Director w.e.f. January 17, 2018

COMMITTEES OF THE BOARD

As on March 31, 2018, your Company had the following Board Committees:

- Audit Committee
- Nomination and Remuneration Committee
- Corporate Social Responsibility Committee
- Risk Management Committee

A. AUDIT COMMITTEE

During the year under review, the Audit Committee was reconstituted once on January 17, 2018. The composition of the Audit Committee is in compliance with the provisions of the Companies Act, 2013. During FY18, the Audit Committee met four (4) times on April 20, 2017; July 21, 2017; October 16, 2017 and January 17, 2018. All the recommendation made by the Audit Committee during the year were accepted by the Board.

The Audit Committee of the Company comprises the following Members:

- Mr. A. Krishnamoorthy, Chairman
- Dr. J. Sadakkadulla
- Mr. Ashish Singh

Attendance details of the Audit Committee Meetings held during FY18 are given below:

NAME OF THE MEMBER	DIN	POSITION IN COMMITTEE	POSITION IN BOARD	NO. OF MEETINGS HELD	NO. OF MEETINGS ATTENDED
Mr. A. Krishnamoorthy	00386122	Chairman	Independent Director	4	4
Dr. J. Sadakkadulla	07544406	Member	Independent Director	4	4
Mr. R. Ravishankar ¹	05106028	Member	Nominee Director	3	3
Mr. Ashish Singh ²	01768711	Member	Nominee Director	1	1

¹ upto November 07, 2017

² Appointed as Additional Director w.e.f. January 17, 2018

B. NOMINATION AND REMUNERATION COMMITTEE

During the year under review, the Nomination and Remuneration Committee (NRC) was reconstituted once on January 17, 2018. The composition of the NRC is in compliance with the Companies Act, 2013. During FY18, the NRC met three (3) times on April 20, 2017; January 17, 2018 and January 17, 2018.

The NRC of the Company comprises the following members:

- Mr. Ashish Singh, Chairman
- Mr. S. Devaraj
- Mr. A. Krishnamoorthy
- Dr. J. Sadakkadulla

BOARD'S REPORT

Attendance details of the NRC Meetings held during FY18 are given below:

NAME OF THE MEMBER	DIN	POSITION IN COMMITTEE	POSITION IN BOARD	NO. OF MEETINGS HELD	NO. OF MEETINGS ATTENDED
Mr. Ashish Singh ¹	01768711	Chairman	Nominee Director	1	1
Mr. A. Krishnamoorthy	00386122	Member	Independent Director	3	3
Dr. J. Sadakkadulla	07544406	Member	Independent Director	3	3
Mr. S. Devaraj	01936417	Member	Executive Chairman	3	3
Mr. R. Ravishankar ²	05106028	Ex-Chairman	Nominee Director	1	1

¹ Appointed as Additional Director w.e.f. January 17, 2018
² upto November 07, 2017

C. CORPORATE SOCIAL RESPONSIBILITY

The Company has duly constituted a Corporate Social Responsibility (CSR) Committee as per the provisions of Section 135 of the Companies Act, 2013 (Act) and has devised a policy for the implementation of the CSR framework, broadly defining the areas of spending, for promotion / development, at least two per cent of its average net profits made during the three immediately preceding financial years on the activities mentioned under Schedule VII of the Act.

During the year under review, the CSR Committee was re-constituted once on January 17, 2018. During FY18, the CSR Committee met one (1) time on April 20, 2017.

The CSR Committee comprises the following members:

- i. Mr. S. Devaraj, Chairman
- ii. Mr. Ashish Singh
- iii. Dr. J. Sadakkadulla

Attendance details of the CSR Committee Meetings held during FY18 are given below:

NAME OF THE MEMBER	DIN	POSITION IN COMMITTEE	POSITION IN BOARD	NO. OF MEETINGS HELD	NO. OF MEETINGS ATTENDED
Mr. S. Devaraj	01936417	Chairman	Executive Chairman	1	1
Dr. J. Sadakkadulla	07544406	Member	Independent Director	1	1
Mr. R. Ravishankar ¹	05106028	Member	Nominee Director	1	1
Mr. Ashish Singh ²	01768711	Member	Nominee Director	-	-

¹ upto November 07, 2017
² Appointed as Additional Director w.e.f. January 17, 2018

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

D. RISK MANAGEMENT COMMITTEE

The Board of the Company has the ultimate responsibility for the Company's Risk Management Framework. To ensure that the Company has a sound system of risk management and internal controls in place, the Board has established the Risk Management Committee, which endeavors to review the risk register at regular intervals. The members of the Risk Management Committee ensure the measurement and control of risk factors and advice on the same to the Management of the Company. The Company has in place a well-defined Risk Management Policy.

During the year under review, the Risk Management Committee of the Company was re-constituted once on January 17, 2018. During FY18, the Risk Management Committee met once on March 21, 2018.

The Risk Management Committee comprises of the following members:

- i. Mr. Ashish Singh, Chairman
- ii. Mr. A. Krishnamoorthy
- iii. Mr. Arjun Muralidharan

Attendance details of the Risk Management Committee Meetings held during FY18 are given below:

NAME OF THE MEMBER	DIN	POSITION IN COMMITTEE	POSITION IN BOARD	NO. OF MEETINGS HELD	NO. OF MEETINGS ATTENDED
Mr. Ashish Singh ¹	01768711	Chairman	Nominee Director	1	1
Mr. A. Krishnamoorthy	00386122	Member	Independent Director	1	1
Mr. Arjun Muralidharan	02726409	Member	Managing Director & CEO	1	1
Mr. R. Ravishankar ²	05106028	Ex-Chairman	Nominee Director	-	-

¹ Appointed as Additional Director w.e.f. January 17, 2018
² upto November 07, 2017

BOARD'S REPORT

SEPARATE MEETING OF INDEPENDENT DIRECTORS

The IDs of the Company met on April 20, 2017 without the presence of the non-independent Directors and senior management team of the Company. Both the IDs attended the said meeting. The IDs discussed matters as required under the relevant provisions of the Companies Act, 2013.

RESOURCING COMMITTEE

During the year under review, two (2) meeting of the Resourcing Committee were held on August 07, 2017 and October 16, 2017. The Board of Directors at the meeting held on October 16, 2017 has decided to dissolve the said committee.

Attendance details of the Resourcing Committee Meetings held during FY18 are given below::

NAME OF THE MEMBER	DIN	POSITION IN COMMITTEE	POSITION IN BOARD	NO. OF MEETINGS HELD	NO. OF MEETINGS ATTENDED
Mr. S. Devaraj	01936417	Chairman	Executive Chairman	2	2
Mr. Arjun Muralidharan	02726409	Member	Managing Director and CEO	2	2
Mr. R. Ravishankar ¹	05106028	Member	Nominee Director	2	0

¹ upto November 07, 2017

AUDITORS

The Shareholders of the Company at their meeting held on July 30, 2016 had approved the appointment of M/s. Walker Chandio & Co LLP, Chartered Accountants (Registration No: 001076N / N500013) as the Statutory Auditors of the Company for a period of five (5) years to hold office from the conclusion of the Thirteenth Annual General Meeting up to the conclusion of the Eighteenth Annual General Meeting of the Company. Accordingly, the statutory auditors had issued an un-qualified audit report under for the Financial Year ended March 31, 2018. Hence, the disclosure under section 134(3)(f) of the Companies Act, 2013 is not applicable.

SECRETARIAL AUDIT REPORT

Pursuant to Section 204 of the Companies Act, 2013 and the rules made thereunder, the Company has appointed M/S. Bhandari and Associates, Company Secretaries in practice, as Secretarial Auditors of the Company to undertake Secretarial Audit of the Company for FY18. The Secretarial Audit Report forms part of this Board's Report as **Annexure II**. There are no qualifications or observations or other remarks made by the Secretarial Auditors for FY18. Hence, the disclosure under section 134(3)(f) of the Companies Act, 2013 is not applicable.

COMPLIANCE WITH SECRETARIAL STANDARDS

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

RELATED PARTY TRANSACTION

The Company has in place Policy on Related Party Transactions (RPT) and the same has been uploaded on the website of the Company www.idfcbharat.com. Since all RPTs entered into by the Company during FY18 were in the ordinary course of business and were on arm's length basis, Form AOC-2 is not applicable to the Company. Refer point no. 25 of notes forming part of the Financial Statements.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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. This ensures orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding of its assets, prevention of errors, accuracy and completeness of the accounting records and the timely preparation of reliable financial information. The internal auditors of the Company check and verify the internal control and monitor them in accordance with policies adopted by the Company. The internal financial controls with reference to the financial statements were adequate and operating effectively.

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 Act and hence, disclosure in this regard under section 134(3)(ca) of the Companies Act, 2013 is not applicable.

The Risk Control and Review Department of the Company has identified the instances of Cash Misappropriation to the extent of ₹ 5,25,374/- of which ₹ 85,862/- has been recovered and necessary disciplinary actions has been initiated against the said employees as per the policy of the Company.

MATERIAL CHANGES AFFECTING THE FINANCIAL POSITION OF THE COMPANY

As per Section 134(3)(l) of the Act, except the dividend proposal as mentioned in this report, there have been no reportable changes and commitments, affecting the financial position of the Company that have occurred during the period from March 31, 2018 till the date of this report hence disclosure in this regard under section 134(3)(l) of the Companies Act 2013 is not applicable.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant and material orders passed by the Regulators or Courts or Tribunals which would impact the going concern status of the Company. Hence, disclosure under section 134(3)(q) read with Rule 8(5)(vii) of Companies (Accounts) Rules 2014 is not required.

ANTI-SEXUAL HARASSMENT POLICY

The Company has in place a policy on Sexual Harassment (Prevention & Redressal). The Company undertakes ongoing trainings to create awareness on this policy. During the year under review. The Company has received 2 complaints under the said policy and the Management has taken strict actions in this regard as mandated in the policy.

EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in Form MGT-9 are available on the website of the Company at www.idfcbharat.com and the same is enclosed as **Annexure -III** to this report.

IMPLEMENTATION OF RISK MANAGEMENT POLICY.

Risk Management committee of the Board is entrusted with the responsibilities to identify the risk associated with the industry and also to formulate plans / ways to mitigate the said risks. Further, the Board has approved Fraud Risk Management Policy, Vigilance Policy, Operations Management Policy, Whistle Blower Policy, Business Continuity Management Policy and Information Security Management System Policy which will guide the Management to identify and mitigate the risk associated with the Company on a day to day basis. Risk Management Committee at its meeting held on March 21, 2018 has reviewed the potential risks faced by the Company and the ways to mitigate the same.

DIRECTORS RESPONSIBILITY STATEMENT

The Directors confirm that:

- i. in the preparation of annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii. the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at end of the financial year and of the Company for that period;
- iii. 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;
- iv. the Directors had prepared the annual accounts on a going concern basis;
- v. that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively; and
- vi. 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.

REMUNERATION POLICY

The Board has a Remuneration policy in place, for the Directors, Key Managerial Personnel, Senior Management Personnel and other Employees which is formulated in line with the requirements of Companies Act, 2013. The said Remuneration Policy is available on the website of the Company www.idfcbharat.com.

ACKNOWLEDGMENT

Your Directors would like to thank our clients, vendors and bankers for their continued support during the year. We would like to place on record our appreciation for the support received from the regulatory agencies. We would also like to express our deep sense of appreciation for the hard work and efforts put in by the employees at all levels of the Company. Your Directors also express their gratitude for the unstinted support and guidance received from IDFC Limited, IDFC Bank Limited and other Group Companies.

FOR & ON BEHALF OF THE BOARD

Sd/-

S. Devaraj

Executive Chairman

(DIN: 01936417)

Tiruchirapalli, April 19, 2018

ANNEXURE I

CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

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

The CSR policy of IDFC Bharat Limited (formerly known as Grama Vidiyal Micro Finance Limited) is framed with the following objectives:

Strive for economic development that positively impacts the society at large with a minimal resource footprint.

Embrace responsibility for the Company's actions and encourage a positive impact through its activities on hunger, poverty, malnutrition, environment, communities, stakeholders and the society.

CSR Activities:

The Company has undertaken some of the activities which fall in the ambit of the activities listed in Schedule VII of the Act. The list of activities as provided in Schedule VII of the Act are included in the CSR Policy of the Company and some of the main areas are:

- i. Eradicating hunger, poverty and malnutrition, promoting health care and sanitation and making available safe drinking water
- ii. Promoting education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
- iii. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;

2. The Composition of the CSR Committee.

The Board of Directors of the Company had constituted the CSR Committee of the Board comprising of the following members as on March 31, 2018:

SR. NO.	NAME OF THE MEMBER	DESIGNATION	POSITION IN COMMITTEE
1.	Mr. S. Devaraj	Executive Chairman	Chairman
2.	Dr. J. Sadakkadulla	Independent Director	Member
3.	Mr. Ashish Singh	Non-Executive Director	Member

3. **Average net profit of the Company for last three financial years:** ₹ 37,04,53,367/-
4. **Prescribed CSR Expenditure (two percent of the amount as in item 3 above)** ₹ 74,09,068/-
5. **Details of CSR spent during the financial year**
 - (a) Total amount spent for the Financial year ₹ 85,81,231/-
 - (b) Amount unspent if any NIL
 - (c) Manner in which the amount spent during the financial year is detailed below: Annexure - A
6. In case the Company has failed to spend 2% of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report: Not Applicable
7. The CSR Committee of the Company hereby confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company

Sd/-
S. Devaraj
Chairman CSR Committee
(DIN: 01936417)

Sd/-
J. Sadakkadulla
Member CSR Committee
(DIN: 07544406)

ANNEXURE A

CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

(1) SR NO	(2) CSR PROJECT OR ACTIVITY IDENTIFIED	(3) SECTOR IN WHICH THE PROJECT IS COVERED (CLAUSE NO OF SCHEDULE VII TO THE COMPANIES ACT, 2013, AS AMENDED)	(4) PROJECTS OR PROGRAMS (1) LOCAL AREA OR OTHER (2) SPECIFY THE STATE & DISTRICT WHERE PROJECTS OR PROGRAMS WAS UNDERTAKEN.	(5) AMOUNT OUTLAY (BUDGET)	(6) AMOUNT SPENT ON THE PROJECTS OR PROGRAMS SUBHEADS: 1. DIRECT EXPENDITURE ON PROJECTS OR PROGRAMS OVERHEADS	(7) CUMULATIVE EXPENDITURE UPTO THE REPORTING PERIOD	(8) AMOUNT SPENT: DIRECT OR THROUGH IMPLEMENTING AGENCY
1	Distribution of food	Cl.(i) Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation	Local Area, Tamil Nadu, Maharashtra, Madhya Pradesh		51,16,538	51,16,538	
2	Health Camps	Cl.(i) Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation	Local Area, Tamil Nadu, Maharashtra, Madhya Pradesh		14,24,995	65,41,533	
3	Okki Cyclone Relief	Cl.(i) Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation	Local Area, Tamil Nadu, Maharashtra, Madhya Pradesh		6,16,070	71,57,603	
4	Activities.	Cl.(i) Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation	Local Area, Tamil Nadu, Maharashtra, Madhya Pradesh		13,50,490	85,08,093	
5	Federation Level Meeting	Cl.(ii) promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.	Local Area, Tamil Nadu, Maharashtra, Madhya Pradesh		73,138	85,81,231	
TOTAL						85,81,231	

DIRECT SPENDING

Sd/-
S. Devaraj
Chairman CSR Committee
(DIN: 01936417)

Sd/-
J. Sadakkadulla
Member CSR Committee
(DIN: 07544406)

ANNEXURE II

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2018

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

To,
The Members,
IDFC BHARAT LIMITED
(Formerly known as Grama Vidiyal Micro Finance Limited)
CIN: U65929TN2003PLC050856

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31st March, 2018** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2018 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the Rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder#;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment External Commercial Borrowings#;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011#;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015#;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009#;
 - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014#;
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008#;
 - 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#; and
 - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998#;

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

We have also examined compliance with the applicable clauses of:

- i. Secretarial Standards issued by The Institute of Company Secretaries of India;
During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above, to the extent applicable.

We further report that -

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

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

ANNEXURE II

SECRETARIAL AUDIT REPORT

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

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

We further report that during the audit period the Company has no specific events/actions, having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.

For Bhandari & Associates

Company Secretaries

S. N. Bhandari

Partner

FCS No: 761; C P No. : 366

Mumbai| April 19, 2018

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

ANNEXURE A TO THE SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2018

To,

The Members,

IDFC BHARAT LIMITED

(Formerly known as Grama Vidiyal Micro Finance Limited)

CIN: U65929TN2003PLC050856

Our Secretarial Audit Report for the Financial Year ended on March 31, 2018 of even date is to be read along with this letter.

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

For Bhandari & Associates

Company Secretaries

S. N. Bhandari

Partner

FCS No: 761; C P No. : 366

Mumbai| April 19, 2018

ANNEXURE III

FORM NO. MGT-9 EXTRACT OF ANNUAL RETURN

As on the financial year ended on March 31, 2018

[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	U65929TN2003PLC050856
ii)	Registration Date	May 12, 2003
iii)	Name of the Company	IDFC Bharat Limited (formerly known as Grama Vidiyal Micro Finance 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	No. 9, Paripoorna Towers, Manoranjitham Street, Annamalai Nagar, Tiruchirappalli, Tamil Nadu - 620 018 Tel: +91 431 4500000; Fax: +91 431 2750393
vi)	Whether listed company Yes / No	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	NSDL Database Management Limited* 4 th Floor, Trade World A Wing, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013 Tel: +91 22 4914 2700; Fax: +91 22 4914 2503

* For electronic connectivity with Depositories.

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	Business Correspondent ("BC")	66190	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
i)	IDFC Bank Limited	L65110TN2014PLC097792	Holding Company	100	Section 2(46)

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

(i) Category-wise Share Holding

CATEGORY OF SHAREHOLDERS	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR				NO. OF SHARES HELD AT THE END OF THE YEAR				% CHANGE DURING THE YEAR
	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
A PROMOTERS									
(1) Indian									
a) Individual / HUF		NIL	NIL	NIL		NIL	NIL	NIL	NIL
b) Central Govt		NIL	NIL	NIL		NIL	NIL	NIL	NIL
c) State Govt (s)		NIL	NIL	NIL		NIL	NIL	NIL	NIL
d) Bodies Corp.		NIL	NIL	NIL		NIL	NIL	NIL	NIL
e) Banks / FI	5,579,990	6	5,579,996	100	5,579,990	6	5,579,996	100	NIL
f) Any Other.		NIL	NIL	NIL		NIL	NIL	NIL	NIL
SUB-TOTAL (A) (1)	5,579,990	6	5,579,996	100	5,579,990	6	5,579,996	100	NIL

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	
(2) Foreign									
a) NRIs - Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Other - Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c) Bodies Corp.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d) Banks / FI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
e) Any Other	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
SUB-TOTAL (A) (2)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
TOTAL SHARE HOLDING OF PROMOTER (A) = (A)(1)+(A)(2)	5,579,990	6	5,579,996	100	5,579,990	6	5,579,996	100	NIL
B PUBLIC SHAREHOLDING									
1 Institutions									
a) Mutual Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Banks / FI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c) Central Govt	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d) State Govt(s)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
e) Venture Capital Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
f) Insurance Companies	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
g) FIs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
h) Foreign Venture Capital Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
i) Others (Trusts)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
SUB-TOTAL (B) (1)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
2 Non - Institutions									
a) Bodies Corp									
i) Indian	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
ii) Overseas	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
i) Individual shareholders holding nominal share capital up to ₹ 1 lakh	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
SUB-TOTAL (B) (2)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
TOTAL PUBLIC SHARE HOLDING (B) = (B)(1)+(B)(2)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
C SHARES HELD BY CUSTODIAN FOR GDR & ADR	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
GRAND TOTAL (A+B+C)	5,579,990	6	5,579,996	100	5,579,990	6	5,579,996	100	NIL

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 Bank Limited	5,579,996	100.00	NIL	5,579,996	100.00	NIL	NIL
TOTAL		5,579,996	100.00	NIL	5,579,996	100.00	NIL	NIL

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

	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
NO CHANGE				

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

	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
NOT APPLICABLE				

(v) Shareholding of Directors and Key Managerial Personnel:

	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
NIL				

ANNEXURE III

FORM NO. MGT-9 EXTRACT OF ANNUAL RETURN

V. INDEBTEDNESS

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

IN ₹ INR

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and / or Manager:

IN ₹ INR

SR. NO.	PARTICULARS OF REMUNERATION	NAME OF MD / WTD / MANAGER		TOTAL AMOUNT
		MR. S. DEVARAJ	MR. ARJUN MURALIDHARAN ²	
1.	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	19,700,000	11,966,868	31,666,868
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL	NIL	NIL
	(c) Profits in lieu of salary under Section 17(3) Income- tax Act, 1961	NIL	NIL	NIL
2.	Stock Option	NIL	NIL	NIL
3.	Sweat Equity	NIL	NIL	NIL
4.	Commission	NIL	NIL	NIL
	- as % of profit	NIL	NIL	NIL
	- others, specify...	NIL	NIL	NIL
5.	Others, please specify	NIL	NIL	NIL
	TOTAL (A)	19,700,000	11,966,868	31,666,868
	Ceiling as per the Act			

ANNEXURE III

FORM NO. MGT-9 EXTRACT OF ANNUAL RETURN

B. Remuneration to other directors:

IN ₹

SR. NO.	PARTICULARS OF REMUNERATION	NAME OF DIRECTORS		TOTAL AMOUNT
		MR. A. KRISHNAMOORTHY	DR. J. SADAKKADULLA	
1. Independent Directors				
	Fee for attending board committee meetings	375,000	375,000	750,000
	Commission	NIL	NIL	NIL
	Others, please specify	NIL	NIL	NIL
	TOTAL (1)			
2. Other Non-Executive Directors				
	Fee for attending board committee meetings	NIL	NIL	
	Commission	NIL	NIL	NIL
	Others, please specify	NIL	NIL	NIL
	TOTAL (2)	NIL	NIL	
	TOTAL (B) = (1 + 2)	375,000	375,000	750,000
	Overall Ceiling as per the Act			Refer Note

Note: In terms of the provisions of the Companies Act, 2013, the remuneration payable to Directors other than executive Directors shall not exceed 3% of the net profit of the Company. The remuneration paid to the directors is well within the limit.

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

IN ₹

SR. NO.	PARTICULARS OF REMUNERATION	KEY MANAGERIAL PERSONNEL		TOTAL
		MR. ARJUN MURALIDHARAN' (CEO)	MR. BOBY XAVIER (CS)	
1. Gross salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	11,966,868	3,093,680	15,060,548
	(b) Value of Perquisites u/s 17(2) Income-tax Act, 1961	NIL	NIL	NIL
	(c) Profits in lieu of Salary under Section 17(3) Income-tax Act, 1961	NIL	NIL	NIL
2. Stock Option		NIL	NIL	NIL
3. Sweat Equity		NIL	NIL	NIL
4. Commission				
	- as % of profit	NIL	NIL	NIL
	- others, specify...	NIL	NIL	NIL
5. Others, please specify		-	NIL	NIL
	TOTAL (A)	11,966,868	3,093,680	15,060,548

ANNEXURE III

FORM NO. MGT-9 EXTRACT OF ANNUAL RETURN

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

TYPE	SECTION OF THE COMPANIES ACT	BRIEF DESCRIPTION	DETAILS OF PENALTY / PUNISHMENT / COMPOUNDING FEES IMPOSED	AUTHORITY [RD / NCLT / COURT]	APPEAL MADE, IF ANY (GIVE DETAILS)
A. COMPANY					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
B. DIRECTORS					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
C. OTHER OFFICERS IN DEFAULT					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

Sd/-

Arjun Muralidharan
Managing Director and CEO
DIN: 02726409

Sd/-

S. Devaraj
Executive Chairman
DIN: 01936417

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF IDFC BHARAT LIMITED (FORMERLY KNOWN AS GRAMA VIDİYAL MICRO FINANCE LIMITED)

Report on the Financial Statements

1. We have audited the accompanying financial statements of **IDFC Bharat Limited (Formerly known as Grama Vidiyal Micro Finance Limited)** ('the Company'), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. 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.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on these financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2018, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. Further to our comments in Annexure A, 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 financial statements dealt with by this report are in agreement with the books of account;
 - d. in our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
 - e. on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act;

INDEPENDENT AUDITOR'S REPORT

- f. we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31 March 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 19 April 2018 as per Annexure B expressed an unmodified opinion.;
- g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company, as detailed in Note 27 to the financial statements, has disclosed the impact of pending litigations on its financial position;
 - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;
 - iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016 which are not relevant to these financial statements. Hence, reporting under this clause is not applicable.

For **WALKER CHANDIOK & CO LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

per **Sumesh E S**

Partner

Membership No.: 206931

Place : Tiruchirappalli

Date : 19 April 2018

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.
- (c) The title deed of the following immovable property, (which is included under the head ‘fixed assets’) according to the information and explanation given to us, is subject matter of an order from the Tiruchirappalli Corporation citing encroachment of land. In response to this, the Company has filed a petition with the High Court of Madras (Madurai Bench) for stay and quash of the Order for which an interim stay has been granted.

NATURE OF PROPERTY	TOTAL NUMBER OF CASES	WHETHER LEASEHOLD / FREEHOLD	GROSS BLOCK AS ON 31 MARCH 2018 (₹)	NET BLOCK ON 31 MARCH 2018 (₹)
Land	1	Freehold	37,613,550	37,613,550

- (ii) The Company does not have any inventory. Accordingly, the provisions of clause 3(ii) of the Order are not applicable.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.
- (iv) In our opinion, the Company has not entered into any transaction covered under Sections 185 and 186 of the Act. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company’s services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.
- (vii) (a) Undisputed statutory dues including provident fund, employees’ state insurance, income- tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
- (b) The dues outstanding in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows::

NAME OF THE STATUTE	NATURE OF DUES	AMOUNT (₹)	AMOUNT PAID UNDER PROTEST (₹)	PERIOD TO WHICH THE AMOUNT RELATES	FORUM WHERE DISPUTE IS PENDING
Finance Act, 1994	Penalty	5,331,304	Nil	2007-08 to 2009-10	Customs, Excise and Service Tax Appellate Tribunal
Finance Act, 1994	Service tax	13,496,638	3,578,652	2009-10 to 2013-14	Customs, Excise and Service Tax Appellate Tribunal
Finance Act, 1994	Penalty	13,496,638	Nil	2009-10 to 2013-14	Customs, Excise and Service Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	14,861,720	2,230,000	Assessment year 2014 - 15	CIT(A) Tiruchirappalli

- (viii) The Company has no loans or borrowings payable to a financial institution or a bank or government and no dues payable to debenture-holders during the year. Accordingly, the provisions of clause 3(viii) of the Order are not applicable.
- (ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments) and did not have any term loans outstanding during the year. Accordingly, the provisions of clause 3(ix) of the Order are not applicable.

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

- (x) According to the information and explanations given to us, no fraud on or by the Company, has been noticed or reported during the year, except for, 10 cases of misappropriation of cash by the employee of the Company to the extent of ₹ 525,374 identified by the management during the year regarding which, the Company has initiated disciplinary action against the employees and recovered ₹ 85,862.
- (xi) Managerial remuneration has been provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- (xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable accounting standards.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.
- (xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **WALKER CHANDIOK & CO LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

per **Sumesh E S**

Partner

Membership No.: 206931

Place : Tiruchirappalli

Date : 19 April 2018

ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT

Independent Auditor’s report on the Internal Financial Controls under Clause (i) of Sub- section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

1. In conjunction with our audit of the financial statements of IDFC Bharat Limited (Formerly known as Grama Vidiyal Micro Finance Limited) (“the Company”) as of and for the year ended 31 March 2018, we have audited the internal financial controls over financial reporting (IFCoFR) of the Company as of that date.

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

3. Our responsibility is to express an opinion on the Company’s IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India (ICAI) and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s IFCoFR.

Meaning of Internal Financial Controls over Financial Reporting

6. A company’s IFCoFR 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 IFCoFR 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

7. Because of the inherent limitations of IFCoFR, 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 IFCoFR to future periods are subject to the risk that IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI").

For **WALKER CHANDIOK & CO LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

per Sumesh E S

Partner

Membership No.: 206931

Place: Tiruchirappalli

Date: 19 April 2018

BALANCE SHEET

AS AT MARCH 31, 2018

	NOTES	AS AT 31 MARCH 2018 IN ₹	AS AT 31 MARCH 2017 IN ₹
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	55,799,960	55,799,960
Reserves and surplus	4	1,694,343,669	1,616,143,203
		1,750,143,629	1,671,943,163
Non-current liabilities			
Other long-term liabilities	5	33,864,669	19,375,615
Long-term provisions	6	-	16,494,281
		33,864,669	35,869,896
Current liabilities			
Other current liabilities	5	470,317,697	618,196,181
Short-term provisions	6	37,172,165	13,429,414
		507,489,862	631,625,595
TOTAL		2,291,498,160	2,339,438,654
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	7	144,609,387	109,526,995
Intangible assets	7	16,675,442	8,194,568
Intangible assets under development		-	5,458,676
Deferred tax assets (net)	8	14,188,767	23,900,237
Long-term loans and advances	9	48,161,953	49,147,067
Other non-current assets	10	39,495,081	24,836,170
		263,130,630	221,063,713
Current assets			
Trade receivables	11	213,107,594	109,589,516
Cash and bank balances	12	1,728,335,132	1,897,956,734
Short-term loans and advances	9	68,207,658	85,592,214
Other current assets	10	18,717,146	25,236,477
		2,028,367,530	2,118,374,941
TOTAL		2,291,498,160	2,339,438,654

Notes 1 to 28 form an integral part of these financial statements

This is the balance sheet referred to in our report of even date

For Walker Chandiok & Co LLP
Chartered Accountants
(Firm's Registration No.: 001076N/N500013)

For and on behalf of the Board of Directors of
IDFC Bharat Limited
(Formerly Grama Vidiyal Micro Finance Limited)

per Sumesh E S
Partner

S Devaraj
Chairman
DIN: 01936417

Arjun Muralidharan
Managing Director and CEO
DIN: 02726409

Tiruchirappalli | April 19, 2018

Tiruchirappalli | April 19, 2018

Boby Xavier
Company Secretary

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2018

	NOTES	YEAR ENDED	YEAR ENDED
		31 MARCH 2018	31 MARCH 2017
		IN ₹	IN ₹
REVENUE			
Revenue from operations	13	1,701,852,944	2,599,824,902
Other income	14	71,145,632	29,644,546
TOTAL REVENUE		1,772,998,576	2,629,469,448
EXPENSES			
Employee benefits expense	15	1,104,053,422	933,176,861
Finance costs	16	-	987,369,497
Depreciation and amortisation expense	17	47,286,744	31,328,897
Other expenses	18	292,195,741	281,740,216
TOTAL EXPENSES		1,443,535,907	2,233,615,471
PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX		329,462,669	395,853,977
Exceptional items	19	-	186,863,267
Profit before tax		329,462,669	208,990,710
Consisting of:-			
Continuing operations - Profit/(Loss) before tax		304,312,247	(48,385,814)
Discontinuing operations - Profit before tax	26	25,150,422	257,376,524
Tax expense			
Current tax		107,231,695	52,118,172
Tax for earlier periods		-	8,904,824
Deferred tax		9,711,470	23,834,444
		116,943,165	84,857,440
Profit after tax		212,519,504	124,133,270
Consisting of:-			
Continuing operations - Profit/(Loss) after tax		196,296,254	(30,801,161)
Discontinuing operations - Profit after tax	26	16,223,250	154,934,431
Earnings per equity share	23		
- Basic and diluted		38.09	21.21
Nominal value of equity shares		10.00	10.00

Notes 1 to 28 form an integral part of these financial statements

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

For Walker Chandiok & Co LLP
Chartered Accountants
(Firm's Registration No.: 001076N/N500013)

For and on behalf of the Board of Directors of
IDFC Bharat Limited
(Formerly Grama Vidiyal Micro Finance Limited)

per Sumesh E S
Partner

S Devaraj
Chairman
DIN: 01936417

Arjun Muralidharan
Managing Director and CEO
DIN: 02726409

Tiruchirappalli | April 19, 2018

Tiruchirappalli | April 19, 2018

Boby Xavier
Company Secretary

CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2018

	YEAR ENDED 31 MARCH 2018	YEAR ENDED 31 MARCH 2017
	IN ₹	IN ₹
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	329,462,669	208,990,710
Adjustments		
Depreciation and amortisation expense	47,286,744	31,328,897
Net gain on foreign currency transactions	-	(629,439)
Bad debts and advances written off	507,776	2,428,309
Interest income from deposits	(66,841,272)	(23,217,530)
Derivative liability written back	-	(9,146,185)
Provision no longer required, written back	-	(87,181,637)
Profit on sale of tangible assets	(188,562)	(297,555)
Operating profit before working capital changes	310,227,355	122,275,570
Increase in provisions	(14,734,257)	9,654,929
(Decrease) in other liabilities	(133,389,430)	(543,366,229)
Decrease loan receivables	-	8,701,029,537
(Increase) in trade receivables	(103,518,078)	(102,938,906)
Decrease in loans and advances	17,412,182	147,959,363
Decrease in other assets	16,140,428	497,981,648
Cash flow from operating activities	92,138,200	8,832,595,912
Income taxes paid (net)	(85,248,968)	(177,792,420)
Net cash generated from operating activities	6,889,232	8,654,803,492
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible assets including capital work-in-progress and advances	(80,396,543)	(49,292,447)
Purchase of intangible assets	(6,809,517)	(2,040,773)
Proceeds from sale of tangible assets	2,453,000	473,428
Investments in deposits	(5,067,850,000)	(14,412,002,240)
Proceeds from maturity of deposits	4,163,201,629	15,848,264,409
Interest collected from deposits	57,220,175	14,121,481
Net cash (used in) / generated from investing activities	(932,181,256)	1,399,523,858
CASH FLOWS FROM FINANCING ACTIVITIES		
Redemption of preference shares	-	(40,000,000)
Preference dividend paid including dividend distribution tax	-	(5,782,784)
Equity dividend paid including dividend distribution tax	(134,319,038)	-
Proceeds from borrowings	-	15,300,000,000
Repayment of borrowings	-	(27,179,169,352)
Net cash used in financing activities	(134,319,038)	(11,924,952,136)
Net increase in cash and cash equivalents	(1,059,611,062)	(1,870,624,786)
Cash and cash equivalents as at the beginning of the year	1,677,946,194	3,548,570,980
Cash and cash equivalents as at the end of the year	618,335,132	1,677,946,194
Notes (Also, refer note 12):		
Cash and cash equivalents comprises of		
Cash on hand	2,865,758	1,156,682
Balances with banks		
- in current accounts	615,469,374	1,211,789,512
- in deposit account (with maturity up to 3 months)	-	465,000,000
	618,335,132	1,677,946,194

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

For Walker Chandiook & Co LLP
Chartered Accountants
(Firm's Registration No.: 001076N/N500013)

For and on behalf of the Board of Directors of
IDFC Bharat Limited
(Formerly Grama Vidiyal Micro Finance Limited)

per Sumesh E S
Partner

S Devaraj
Chairman
DIN: 01936417

Arjun Muralidharan
Managing Director and CEO
DIN: 02726409

Tiruchirappalli | April 19, 2018

Tiruchirappalli | April 19, 2018

Boby Xavier
Company Secretary

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

01 GENERAL INFORMATION

A BACKGROUND

Grama Vidiyal Micro Finance Limited was incorporated as a private limited company in the year 2003 under the erstwhile Companies Act, 1956. Effective 21 December 2009, the Company was registered as a "Non Banking Financial Company" under the rules and regulations framed by the Reserve Bank of India ("the RBI"). The Company has obtained registration under the category of Non-Banking Financial Company - Micro Finance Institutions ("NBFC-MFI"), w.e.f 4 October 2013. The Company was in the business of providing micro loans to women borrowers.

During the financial year 2016-17, IDFC Bank Limited executed share purchase agreements with the Company's equity shareholders and thereby acquired 100% of the equity shares. Consequently the Company had assigned its entire loan receivables outstanding as at 29 September 2016 to IDFC Bank Limited by virtue of a Master Assignment Agreement. The Company had settled all liabilities towards borrowings and debentures (including debentures listed with Bombay Stock Exchange) that existed prior to acquisition of equity shares by IDFC Bank Limited and had surrendered its Certificate of Registration as a Non-Banking Financial Institution (NBFI) with RBI which was cancelled on 18 October 2016.

Subsequently, the Company discontinued to operate as a Non-Banking Financial Institution and has been operating as business correspondent. The Company has changed its legal name to IDFC Bharat Limited ('the Company') with effect from 17 April 2017.

B COMPARATIVES

All amounts in the financial statements are presented in Indian Rupees except share data and as otherwise stated. Figures for the previous year have been regrouped / re-classified wherever considered necessary to conform to the figures presented in the current year.

02 SIGNIFICANT ACCOUNTING POLICIES

A BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements are prepared in accordance with generally accepted accounting principles ("GAAP") applicable in India. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, (to the extent notified and applicable). The financial statements have been prepared under the historic cost convention on accrual basis of accounting, except interest in respect of non-performing loan assets are accounted for on a cash basis. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. The management evaluates all recently issued or revised accounting standards on an ongoing basis.

B USE OF ESTIMATES

The preparation of the financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include provisions for doubtful loans and advances, future obligations under employee retirement benefit plans, income taxes and the useful lives of fixed assets.

Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in schedule III to the Companies Act, 2013. The Company determined its operating cycle as 12 months.

C TANGIBLE ASSETS AND DEPRECIATION

Tangible assets are carried at cost of acquisition or construction less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price, including duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use.

Gains or losses arising on the disposal of the tangible assets are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in the statement of profit and loss within other income or other expenses, as the case may be.

Depreciation is provided using straight line method at the rates of depreciation prescribed in Schedule II to the Companies Act, 2013. If the management's estimates of the useful life of a fixed asset at the time of acquisition of the asset or of the remaining useful life on a subsequent review is different than that envisaged in the aforesaid schedule, depreciation is provided at a rate based on the management estimate of useful life/remaining useful life.

ASSET CATEGORY	USEFUL LIFE (YEARS)
Computers and accessories	3-6
Furniture and fittings	10
Office equipment	5
Vehicles	8

D INTANGIBLE ASSETS AND AMORTISATION

Goodwill represents the excess of acquisition cost over the carrying amount of the Company's share of the identifiable net assets of the acquiree at the date of acquisition and is attributed to the future economic benefits arising from an acquisition that are not individually identified and separately recognised. Goodwill is amortised over a period of 5 years.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and install the specific software. These assets are amortised over their estimated useful lives on a straight line basis, commencing from the date the assets is available to the Company for its use. After initial recognition, intangible assets are carried at its cost less any accumulated amortisation and any accumulated impairment losses.

When an intangible asset is disposed off, the gain or loss on disposal is determined as the difference between the disposal proceeds and the carrying amount of the asset, and is recognised in the statement of profit and loss within other income or other expenses, as the case may be.

The useful life of the assets is reviewed at each balance sheet date. If the expected useful life of the asset is significantly different from the previous estimates, the amortisation period is changed accordingly. If there has been a significant change in the expected pattern of economic benefit from the asset, the method of amortisation is changed to reflect the changed pattern. Such changes are accounted in accordance with Accounting Standard (AS) 5, Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

E IMPAIRMENT

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. For the assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash flows (cash generating units). As a result some assets are tested individually for impairment and some are tested at cash-generating unit level. Recoverable amount is the higher of the asset's or cash generating units net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

F LEASES

Finance lease

The economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards of ownership of the leased asset. Where the Company is a lessee in such type of arrangements, the related assets are recognised at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any. A corresponding amount is recognised as a finance lease liability. The corresponding finance lease liability is reduced by lease payments net of finance charges. The interest element of lease payments represents a constant proportion of the outstanding capital balance and is charged to the statement of profit and loss, as finance costs over the period of the lease.

Operating lease

All other leases are treated as operating leases. Where the Company is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs such as maintenance and insurance are expensed as incurred.

G REVENUE

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the collectibility is reasonably assured.

Fees relating to Business Correspondent services is recognized on accrual basis in accordance with terms of the agreement and is measured based on the interest realised, as communicated by the customer.

Interest on loans is recognised on accrual basis, except in the case of Non Performing Assets ("NPAs"), where interest is recognised upon realisation. Also refer note 2(a).

Interest income on deposits with banks is recognized on time proportion basis taking into account the amount outstanding and the rate applicable.

Loan processing fees is accounted up-front as and when it becomes due.

Income from managed portfolio represents income from receivables securitized / assigned wherein losses arising are recognized in the Statement of Profit and Loss immediately upon receipt of sale consideration. Gains arising from the transaction are amortized over the tenor of the transaction.

Commission income is recognised on accrual basis on the completion of the service in accordance with terms of the agreement.

H SECURITIZATION/ASSIGNMENT OF LOAN RECEIVABLES

Transactions relating to transfers of loans and advances through securitization/assignment with other financial institutions and banks are accounted for in accordance with the relevant "Guidelines on Securitisation Transaction" issued by RBI. Such transferred loans and advances are de-recognised from the financial statements and gains/losses are accounted for only where the Company surrenders rights to benefits specified in the loan contract in favour of the counter parties.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

I BORROWING COST

Borrowing costs consist of interest and other costs that Company incurs in connection with the borrowing of funds. Borrowing costs other than borrowing costs incurred on securitisation are amortised over the period of the respective borrowings.

J EMPLOYEE BENEFITS

- (i) **Defined contribution plan:** The Company makes contribution to statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952. Eligible employees receive benefits from the provident fund, which is a defined contribution plan. Both the employee and the Company make monthly contributions to the provident fund plan equal to specified percentage of the covered employee's basic salary. The Company has no further obligations under the plan beyond its monthly contributions. Contributions to provident fund are charged to the statement of profit and loss on accrual basis.
- (ii) **Defined benefit plan:** The Company provides gratuity, a defined benefit retirement plan covering eligible employees. The Company provides the gratuity benefit through annual contribution to a fund. Liabilities related to the gratuity plan are determined by an independent actuarial valuation carried out using projected unit credit method as at the balance sheet date. Actuarial gain or loss is recognized immediately in the statement of profit and loss.

K FOREIGN CURRENCY TRANSACTIONS, FORWARD CONTRACTS AND DERIVATIVES

Foreign currency transactions are translated into the functional currency (Indian Rupees) of the Company, using the exchange rates prevailing on the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in the statement of profit and loss.

L TAXATION

Provision for tax for the year comprises current income tax and deferred tax.

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantially enacted at the reporting date. Deferred tax assets are recognised 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. Unrecognised deferred tax assets of earlier years are re-assessed and recognised to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realised.

M EARNINGS PER EQUITY SHARE

The basic earnings per equity share ("EPS") is computed by dividing the net profit after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of diluted earnings per share, the net profit for the year attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for effects of all dilutive potential equity shares.

N PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Company creates a provision when there is present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. The amount of provision recognised are best estimates of expenditure that are required to settle the obligation at the balance sheet date. The estimates are not discounted to their present value.

A disclosure for a contingent liability is made when there is possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are neither recognized nor disclosed in the financial statements.

O CASH FLOW STATEMENT

Cash flows are reported using the indirect method, whereby profit before extraordinary items and tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, financing and investing activities of the Company are segregated based on the available information. Cash comprises of cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

03 SHARE CAPITAL

	AS AT 31 MARCH 2018		AS AT 31 MARCH 2017	
	NUMBER	₹	NUMBER	₹
AUTHORISED				
Equity shares of ₹ 10 each	25,000,000	250,000,000	25,000,000	250,000,000
Preference shares of ₹ 10 each	25,000,000	250,000,000	25,000,000	250,000,000
	50,000,000	500,000,000	50,000,000	500,000,000
ISSUED, SUBSCRIBED AND FULLY PAID UP				
Equity shares of ₹ 10 each	5,579,996	55,799,960	5,579,996	55,799,960
	5,579,996	55,799,960	5,579,996	55,799,960

a) Reconciliation of total number of shares

i. Equity shares

There has been no movement in equity shares capital during the current and previous year.

	AS AT 31 MARCH 2018		AS AT 31 MARCH 2017	
	NUMBER	₹	NUMBER	₹
ii. Preference shares				
At the beginning of the year	-	-	4,000,000	40,000,000
Redeemed during the year	-	-	(4,000,000)	(40,000,000)
OUTSTANDING AT THE END OF THE YEAR	-	-	-	-

b) Shares held by the holding company

Equity shares of ₹ 10 each

IDFC Bank Limited together with its nominees (Also, refer note 1(a))	5,579,996	55,799,960	5,579,996	55,799,960
	5,579,996	55,799,960	5,579,996	55,799,960

c) Shareholders holding more than 5% of the shares

	Number	%	Number	%
Equity shares of ₹ 10 each				
IDFC Bank limited together with its nominees	5,579,996	100.00%	5,579,996	100.00%
	-	-	5,579,996	100.00%

d) Bonus issue, buy back and issue of shares without payment being received in cash

There were no shares issued pursuant to contract without payment being received in cash allotted as fully paid up by way of bonus issues or bought back during the last 5 years immediately preceding 31 March 2018.

e) Rights, preferences and restrictions attached to Equity share capital

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 dividend in Indian rupees. The dividend proposed by the Board of Directors in any financial year, other than interim dividend, is subject to the 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 remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. The equity shares shall be transferable subject to the provisions contained in the Articles of Association and in the agreements entered / to be entered into with the investors / shareholders from time to time.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

04 RESERVES AND SURPLUS

	AS AT	AS AT
	31 MARCH 2018	31 MARCH 2017
	IN ₹	IN ₹
Capital redemption reserve		
Securities premium reserve	437,373,207	437,373,207
Statutory reserve*		
Balance at the beginning of the year	-	215,012,000
Less: Transferred to surplus in Statement of profit and loss	-	(215,012,000)
Balance at the end of the year	-	-
Surplus in Statement of profit and loss		
Balance at the beginning of the year	1,103,769,996	770,407,510
Add: Transferred from statutory reserve*	-	215,012,000
Add : Transferred from Statement of profit and loss	212,519,504	124,133,270
Less : Preference dividend paid	-	(4,800,000)
Less : Dividend Distribution Tax on Preference Shares	-	(982,784)
Less : Interim dividend paid on Equity shares	(111,599,920)	-
Less : Dividend Distribution Tax on Equity Shares	(22,719,118)	-
Balance at the end of the year	1,181,970,462	1,103,769,996

*Please refer note 1(a). The Company is no longer registered with RBI under section 45IA of the Reserve Bank of India Act, 1934. Therefore requirement of creating a Reserve fund in terms of section 45-IC(1) ('Statutory reserve') of the Reserve Bank of India Act, 1934 and transferring 20% of the profit to the Statutory reserve fund does not arise. Consequently, no amount was transferred to the said Statutory reserve fund and balance in Statutory reserve as on 31 March 2016 was transferred to Surplus in Statement of Profit and Loss.

05 OTHER LIABILITIES

	AS AT 31 MARCH 2018		AS AT 31 MARCH 2017	
	LONG-TERM	CURRENT	LONG-TERM	CURRENT
	IN ₹	IN ₹	IN ₹	IN ₹
Security deposits from employees	33,864,669	6,061,589	19,375,615	2,826,798
Unrealised gain on loan transfer transactions	-	-	-	15,353,307
Payables towards securitisation/assignment transactions	-	-	-	86,870,236
Payable towards business correspondent services (Also, refer note 25(c))	-	300,436,608	-	436,013,419
Employee related payables (Also, refer note 25(c))	-	96,309,366	-	49,895,284
Statutory dues payable	-	43,968,910	-	10,969,019
Other payables (Also, refer note 25(c))	-	23,541,224	-	16,268,118
	33,864,669	470,317,697	19,375,615	618,196,181

06 PROVISIONS

	AS AT 31 MARCH 2018		AS AT 31 MARCH 2017	
	LONG-TERM	SHORT-TERM	LONG-TERM	SHORT-TERM
	IN ₹	IN ₹	IN ₹	IN ₹
Provision for gratuity (Refer note (a) below)	-	15,189,438	16,494,281	13,429,414
Provision for income tax	-	21,982,727	-	-
	-	37,172,165	16,494,281	13,429,414

a) Employee benefits

The Company has taken a group gratuity for its employees with the Life Insurance Corporation of India (LIC). Under this policy the eligible employees are entitled to receive gratuity payments upon their resignation or death in lump sum after deduction of necessary taxes up to a maximum limit of ₹ 2,000,000.

The following table set out the status of the gratuity plan as required under Accounting Standard (AS) - 15 - Employee benefits and the reconciliation of opening and closing balances of the present value of the defined benefit obligation.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

	AS AT 31 MARCH 2018	AS AT 31 MARCH 2017
	IN ₹	IN ₹
Change in projected benefit obligation		
Projected benefit obligation at the beginning of the year	102,586,067	67,276,098
Service cost	12,634,816	9,250,732
Interest cost	6,910,293	5,031,342
Benefits paid	(4,873,775)	(5,543,423)
Actuarial loss	(4,655,434)	26,571,318
Projected benefit obligation at the end of the year	112,601,967	102,586,067
Change in plan assets		
Fair value of plan assets at the beginning of the year	72,662,372	63,501,613
Expected return on plan assets	6,122,654	5,452,576
Contributions made	23,915,586	9,140,822
Benefits paid	(4,873,775)	(5,543,423)
Actuarial loss	(414,308)	110,784
Fair value of plan assets at the end of the year	97,412,529	72,662,372
Reconciliation of present value of obligation on the fair value of plan assets		
Present value of projected benefit obligation at the end of the year	(112,601,967)	(102,586,067)
Funded status of the plan	97,412,529	72,662,372
Liability recognised in the balance sheet	(15,189,438)	(29,923,695)
Components of net gratuity costs are		
Service cost	12,634,816	9,250,732
Interest cost	6,910,293	5,031,342
Expected returns on plan assets	(6,122,654)	(5,452,576)
Recognized net actuarial gain	(4,241,126)	26,460,534
Net gratuity costs (Refer note 15)	9,181,329	35,290,032
Assumptions used		
Discount rate	7.45%	6.90%
Long-term rate of compensation increase	8.00%	8.00%
Attrition rate	15.00%	15.00%
Rate of return on plan assets	7.45%	8.20%

The following table sets out the status of the Gratuity Plan and the amounts recognized in the financial statement:

	In ₹				
	AS AT				
PARTICULARS	31 MARCH 2018	31 MARCH 2017	31 MARCH 2016	31 MARCH 2015	31 MARCH 2014
Defined benefit obligation	112,601,967	102,586,067	67,276,098	49,768,170	42,054,691
Plan asset	97,412,529	72,662,372	63,501,613	57,839,210	42,924,725
Fund status of plan - (liability)/asset	(15,189,438)	(29,923,695)	(3,774,485)	8,071,040	870,034

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

07 FIXED ASSETS

	TANGIBLE ASSETS						INTANGIBLE ASSETS			In ₹
	FREEHOLD LAND*	COMPUTERS & ACCESSORIES	FURNITURE AND FITTINGS	OFFICE EQUIPMENT	VEHICLES	TOTAL	GOODWILL	SOFTWARE	TOTAL	
Gross block										
As at 01 April 2016	37,613,550	59,451,804	32,163,327	35,905,890	41,614,761	206,749,332	122,415,000	29,989,528	152,404,528	
Additions	-	24,339,390	6,029,933	9,066,402	2,298,334	41,734,059	-	2,040,773	2,040,773	
Disposals	-	(226,924)	(608,131)	(2,046,560)	(84,053)	(2,965,668)	-	-	-	
As at 31 March 2017	37,613,550	83,564,270	37,585,129	42,925,732	43,829,042	245,517,723	122,415,000	32,030,301	154,445,301	
Additions	-	55,371,911	19,805,749	5,668,595	-	80,846,255	-	12,268,193	12,268,193	
Disposals	-	(9,490,990)	(1,899,268)	(2,751,654)	(5,212,737)	(19,354,649)	(122,415,000)	-	(122,415,000)	
As at 31 March 2018	37,613,550	129,445,191	55,491,610	45,842,673	38,616,305	307,009,329	-	44,298,494	44,298,494	
Accumulated depreciation										
As at 01 April 2016	-	38,856,420	26,030,134	25,971,201	19,561,100	110,418,855	122,415,000	20,868,504	143,283,504	
Depreciation/amortisation charge	-	13,291,726	4,328,967	5,506,030	5,234,945	28,361,668	-	2,967,229	2,967,229	
Reversal on disposal of assets	-	(226,923)	(557,366)	(1,934,548)	(70,958)	(2,789,795)	-	-	-	
As at 31 March 2017	-	51,921,223	29,801,735	29,542,683	24,725,087	135,990,728	122,415,000	23,835,733	146,250,733	
Depreciation/amortisation charge	-	27,964,776	5,909,461	5,349,634	4,275,554	43,499,425	-	3,787,319	3,787,319	
Reversal on disposal of assets	-	(9,285,821)	(1,716,078)	(2,938,766)	(3,149,546)	(17,090,211)	(122,415,000)	-	(122,415,000)	
As at 31 March 2018	-	70,600,178	33,995,118	31,953,551	25,851,095	162,399,942	-	27,623,052	27,623,052	
Net block										
As at 31 March 2017	37,613,550	31,643,047	7,783,394	13,383,049	19,103,955	109,526,995	-	8,194,568	8,194,568	
As at 31 March 2018	37,613,550	58,845,013	21,496,492	13,889,122	12,765,210	144,609,387	-	16,675,442	16,675,442	

@ The Company has received an order during financial year 2012-13 from the Tiruchirappalli Corporation citing encroachment of land. In response to this the Company has filed a petition with the High Court of Madras (Madurai Bench) for stay and quash of the Order for which an interim stay has been granted.

08 DEFERRED TAX ASSETS

	AS AT 31 MARCH 2018	AS AT 31 MARCH 2017
	IN ₹	IN ₹
Timing difference between depreciation and amortisation as per financials and as per tax	8,912,203	13,544,245
Provision for employee benefits	5,276,564	10,355,992
	14,188,767	23,900,237

09 LOANS AND ADVANCES

	AS AT 31 MARCH 2018		AS AT 31 MARCH 2017	
	LONG-TERM	SHORT-TERM	LONG-TERM	SHORT-TERM
	IN ₹	IN ₹	IN ₹	IN ₹
Unsecured, considered good				
Capital advances	1,650,000	-	2,099,712	-
Rental deposits	-	38,804,750	-	33,274,882
Loans to employees	1,111,036	15,519,286	1,586,688	25,593,989
Prepaid expenses	-	7,364,765	-	6,544,870
Balances with government authorities	-	-	-	15,129,751
Advance income tax (net of provision)	45,400,917	-	45,400,917	-
Other advances	-	6,518,857	59,750	5,048,722
	48,161,953	68,207,658	49,147,067	85,592,214

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

10 OTHER ASSETS

	AS AT 31 MARCH 2018		AS AT 31 MARCH 2017	
	NON-CURRENT	CURRENT	NON-CURRENT	CURRENT
	IN ₹	IN ₹	IN ₹	IN ₹
Non-current bank balances (Also, refer note 12)	39,495,081	-	24,836,170	-
Interest strip retained on securitisation of receivables	-	-	-	16,140,428
Interest accrued but not due on bank deposits (Also, refer note 25(c))	-	18,717,146	-	9,096,049
	39,495,081	18,717,146	24,836,170	25,236,477

11 TRADE RECEIVABLES

	AS AT	AS AT
	31 MARCH 2018	31 MARCH 2017
	IN ₹	IN ₹
Unsecured, considered good		
-Outstanding for a period exceeding six months from the date they are due for payment	-	-
Other receivables (Also, refer note 25(c))	213,107,594	109,589,516
	213,107,594	109,589,516

12 CASH AND BANK BALANCES

	AS AT	AS AT
	31 MARCH 2018	31 MARCH 2017
	IN ₹	IN ₹
Cash and cash equivalents		
Cash on hand	2,865,758	1,156,682
Balances with banks		
- in current accounts	615,469,374	1,211,789,512
- in deposit accounts (with maturity up to 3 months)	-	465,000,000
	A	1,677,946,194
Other bank balances		
Deposits with maturity upto 12 months (Also, refer note 25(c))	1,110,000,000	-
Balances with bank held as security against other commitments and borrowings	-	220,010,540
Balances with banks in restricted accounts	39,495,081	24,836,170
	1,149,495,081	244,846,710
Less : Amounts disclosed as 'Other non-current assets' (Also, refer note 10)	(39,495,081)	(24,836,170)
	B	220,010,540
	A + B	1,897,956,734

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

13 REVENUE FROM OPERATIONS

	YEAR ENDED 31 MARCH 2018	YEAR ENDED 31 MARCH 2017
	IN ₹	IN ₹
Fees for business correspondent services (Also, refer note 25(b))	1,673,284,919	562,685,281
Service fee for management of loan receivables	-	28,741,488
Interest income on		
- Loans given	-	1,548,712,476
- Fixed deposits with banks	-	66,595,790
Loan processing fees	-	140,548,128
Income from managed portfolio	28,568,025	252,524,457
Commission income (Also, refer note 25(b))	-	17,282
	1,701,852,944	2,599,824,902

14 OTHER INCOME

	YEAR ENDED 31 MARCH 2018	YEAR ENDED 31 MARCH 2017
	IN ₹	IN ₹
Interest income on fixed deposits with banks	66,841,272	23,217,530
Interest income on staff loans	3,411,062	4,318,194
Other non-operating income	893,298	1,479,383
Net gain on foreign currency transactions	-	629,439
	71,145,632	29,644,546

15 EMPLOYEE BENEFITS EXPENSE

	YEAR ENDED 31 MARCH 2018	YEAR ENDED 31 MARCH 2017
	IN ₹	IN ₹
Salaries and wages	957,760,411	779,812,463
Gratuity expense (Also, refer note 6(a))	9,181,329	35,290,032
Contribution to provident and other funds	73,984,645	58,142,956
Staff welfare expenses	63,127,037	59,931,410
	1,104,053,422	933,176,861

16 FINANCE COSTS

	YEAR ENDED 31 MARCH 2018	YEAR ENDED 31 MARCH 2017
	IN ₹	IN ₹
Interest expenses	-	871,991,884
Other borrowing costs	-	115,377,613
	-	987,369,497

17 DEPRECIATION AND AMORTISATION EXPENSE

	YEAR ENDED 31 MARCH 2018	YEAR ENDED 31 MARCH 2017
	IN ₹	IN ₹
Depreciation of tangible assets (Also, refer note 7)	43,499,425	28,361,668
Amortisation of intangible assets (Also, refer note 7)	3,787,319	2,967,229
	47,286,744	31,328,897

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

18 OTHER EXPENSES

	YEAR ENDED 31 MARCH 2018	YEAR ENDED 31 MARCH 2017
	IN ₹	IN ₹
Power and fuel	10,369,942	9,231,110
Rent and amenities (Also, refer note 25(b))	55,833,138	50,201,322
Repairs and maintenance - Others (Also, refer note 25(b))	35,653,553	32,714,644
Insurance	731,105	1,004,429
Rates and taxes	703,861	3,977,889
Legal and professional charges	4,627,427	23,018,205
Payments to auditors (Also, refer note 20)	2,324,900	2,750,300
Business promotion expenses	26,353,689	35,240,487
Directors sitting fees	751,390	1,741,217
Traveling, conveyance and lodging expenses	76,853,864	79,146,737
Postage and courier	7,424,443	2,376,850
Printing and stationery	34,584,545	21,180,062
Communication expenses	11,692,665	9,444,052
Cash management charges	14,576,708	-
Contribution towards corporate social responsibility (Also, refer note 28)	8,581,231	6,740,902
Bad debts and advances written off	507,776	2,428,309
Miscellaneous expenses	625,504	543,701
	292,195,741	281,740,216

19 EXCEPTIONAL ITEMS (INCOME)/EXPENSE

	YEAR ENDED 31 MARCH 2018	YEAR ENDED 31 MARCH 2017
	IN ₹	IN ₹
Derivative liability written back	-	(9,146,185)
Provisions no longer required, written back	-	(87,181,637)
Other finance costs	-	248,191,089
Other borrowing costs	-	35,000,000
	-	186,863,267

The Company has disclosed the above items which pertain to cessation of NBF1 activity as "exceptional" items considering its relevance to explain the performance of the Company.

20 PAYMENTS TO AUDITORS (EXCLUDING SERVICE TAX)

	YEAR ENDED 31 MARCH 2018	YEAR ENDED 31 MARCH 2017
	IN ₹	IN ₹
Statutory audit	1,150,000	1,900,000
Limited review	1,050,000	700,000
Out of pocket expenses	124,900	150,300
	2,324,900	2,750,300

21 EXPENDITURE IN FOREIGN CURRENCY (ACCRUAL BASIS)

	YEAR ENDED 31 MARCH 2018	YEAR ENDED 31 MARCH 2017
	IN ₹	IN ₹
Interest expenses	-	14,587,765
	-	14,587,765

22 PAYABLES TO MICRO AND SMALL ENTERPRISES

Based on the information available with the Company, as at 31 March 2018, there are no suppliers who are registered as micro and small enterprises under the provisions of the Micro, Small and Medium Enterprises Development Act, 2006.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

23 EARNINGS PER EQUITY SHARE

	YEAR ENDED	YEAR ENDED
	31 MARCH 2018	31 MARCH 2017
	IN ₹	IN ₹
Profit after tax	212,519,504	124,133,270
Less: Preference dividend	-	(5,782,784)
Profit attributable to equity shareholders	212,519,504	118,350,486
Weighted average number of equity shares in calculating basic EPS	5,579,996	5,579,996
Dilutive effect of potential equity shares	-	-
Weighted average number of equity shares in calculating diluted EPS	5,579,996	5,579,996
Nominal value of shares	10	10
Earnings per equity share		
- Basic	38.09	21.21
- Diluted	38.09	21.21

24 SEGMENT REPORTING

The Company has considered business segments as the primary segments for disclosure on the basis that the risk and returns of the Company is primarily determined by the nature of products and services. The products included in each of the reported domestic business segments are as follows:

1. NBFi activity - Providing micro loans to women borrowers and securitisation of such loans
2. Business correspondence - provide business correspondence services.

The Company operates only in India and hence does not disclose geographic segment reporting.

Fixed assets used in the Company's business, assets or liabilities contracted in the course of business, other than those specifically identifiable, have not been identified to any of the reportable segments, as the fixed assets are used interchangeably between segments. The Company believes that it is currently not practicable to provide segment disclosures relating to such assets and liabilities since a meaningful segregation of the available data is onerous.

Revenue and direct expenses in relation to segments are categorised based on items that are individually identifiable to that segment, while other costs, wherever allocable, are apportioned to the segments on an appropriate basis. Certain income and expenses are not specifically allocable to individual segments as the underlying services are used interchangeably. The Company believes that it is not practicable to provide segment disclosures relating to such income and expenses, and accordingly such income and expenses are separately disclosed as 'unallocated'.

The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments, and are as set out in the significant accounting policies.

The Company had surrendered its NBFi license during the previous year, but continued to service during the current year, the loan assets that were securitised when it was carrying NBFC business.

BUSINESS SEGMENT	IN ₹								
	YEAR ENDED 31 MARCH 2018				YEAR ENDED 31 MARCH 2017				
	PARTICULARS	NBFI ACTIVITY	BUSINESS CORRESPONDENCE	UNALLOCATED	TOTAL	NBFI ACTIVITY	BUSINESS CORRESPONDENCE	UNALLOCATED	TOTAL
REVENUE									
Revenue from operations	-	1,673,185,049	-	1,673,185,049	-	562,685,281	17,282	562,702,563	
Discontinuing operations	28,667,895	-	-	28,667,895	2,037,122,339	-	-	2,037,122,339	
TOTAL REVENUE	28,667,895	1,673,185,049	-	1,701,852,944	2,037,122,339	562,685,281	17,282	2,599,824,902	
RESULTS									
Segment result	25,150,422	367,616,145	-	392,766,567	257,376,524	13,562,747	3,633,535	274,572,806	
Unallocated corporate expenses	-	-	(63,303,898)	(63,303,898)	-	-	(65,582,096)	(65,582,096)	
Profit before tax	25,150,422	367,616,145	(63,303,898)	329,462,669	257,376,524	13,562,747	(61,948,561)	208,990,710	
Income taxes	-	-	(116,943,165)	(116,943,165)	-	-	(84,857,440)	(84,857,440)	
Profit for the year	25,150,422	367,616,145	(180,247,063)	212,519,504	257,376,524	13,562,747	(146,806,001)	124,133,270	
OTHER INFORMATION									
Segment assets	-	2,231,908,476	59,589,684	2,291,498,160	245,212,245	1,321,384,455	772,841,954	2,339,438,654	
Segment liabilities	-	519,371,804	21,982,727	541,354,531	103,068,479	435,168,483	129,258,529	667,495,491	
Capital expenditure	-	-	-	93,114,448	-	-	-	49,233,508	
Depreciation and amortisation	-	-	-	47,286,744	-	-	-	31,328,897	
Other non-cash expenses	-	-	-	9,689,105	-	-	-	37,718,341	

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

25 RELATED PARTIES DISCLOSURES

As per the requirements of Accounting Standard 18 on Related Party Disclosures, the Company has disclosed related parties and nature of relationships only where there have been transactions between related parties, except related party relationships where control exists.

a) Names of related parties

RELATIONSHIP	NAME
Ultimate Holding Company	IDFC Limited (from 13 October 2016)
Holding Company	IDFC Bank Limited (from 13 October 2016)
Key management personnel (KMP)	S Devaraj - Chairman Arjun Muralidharan - Managing Director and CEO S Pattabiraman - President and Chief Financial Officer (till 13 October 2016)
Entities in which directors of the Company are able to exercise control or have significant influence	Grama Vidiyal Enterprises Private Limited Grama Vidiyal Trust Activist for Social Alternatives Swarnodhayam Credits Private Limited
Relatives of KMP	D Shirley - Daughter of S Devaraj (Whole Time Director till 13 October 2016) D Satish - Son of S Devaraj and Brother of D Shirley

b) Transactions with related parties

TRANSACTION	RELATED PARTY	In ₹	
		YEAR ENDED 31 MARCH 2018	YEAR ENDED 31 MARCH 2017
Fees for business correspondent services	IDFC Bank Limited	1,672,137,223	451,509,542
Investment in fixed deposits (net)	IDFC Bank Limited	645,000,000	465,000,000
Interest income on fixed deposits	IDFC Bank Limited	59,077,233	5,283,562
Dividend paid	IDFC Bank Limited	111,599,920	-
Remuneration	Key management personnel and their relatives	45,765,378	49,095,116
Expenses / (income)			
Rent and amenities	Grama Vidiyal Trust	4,147,200	3,988,800
	Activist for Social Alternatives	2,337,588	-
Repairs and maintenance - Others	Grama Vidiyal Trust	2,764,800	2,861,952
Sale of asset	Swarnodhayam Credits Private Limited	2,027,500	-
Commission income	Grama Vidiyal Enterprises Private Limited	-	11,334

c) Outstanding balances as at year end

TRANSACTION	RELATED PARTY	In ₹	
		AS AT 31 MARCH 2018	AS AT 31 MARCH 2017
Trade receivable	IDFC Bank Limited	213,107,594	105,388,697
Fixed deposits including accrued interest	IDFC Bank Limited	1,128,717,146	466,446,520
Payable towards business correspondent services	IDFC Bank Limited	300,434,379	433,838,625
Bank balances	IDFC Bank Limited	467,712,302	638,951,232
Incentive payable	Key management personnel and their relatives	16,234,650	16,017,300
Rent payable	Activist for Social Alternatives	299,640	-
Rental deposit	Grama Vidiyal Trust	4,000,000	4,000,000

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

26 DISCONTINUING OPERATIONS

The Company was registered under the category of Non-Banking Financial Company - Micro Finance Institutions ("NBFC-MFI") with RBI and the Company was engaged in the business of providing loans to women borrower which is the primary segment of business. Pursuant to the board approval dated 1 September 2016 the Board of Directors has approved the business plan of assignment of loan receivable to IDFC Bank Limited and the Board of Director has entered in to a Master Assignment Agreement for assignment of loan receivable balances as on 29 September 2016 to IDFC Bank Limited. Consequent to the above transactions, and further to the explanations provided in Note 1(a), the Company has surrendered its Certificate of Registration as an NBFI and discontinued the business of providing direct loans to borrowers.

The amounts of revenue and expenses in respect of the ordinary activities attributable to the discontinuing operation during the current financial reporting period.

	YEAR ENDED 31 MARCH 2018	YEAR ENDED 31 MARCH 2017
	IN ₹	IN ₹
REVENUE		
Revenue from operations	28,667,895	2,060,339,869
Other income	-	2,810,763
TOTAL REVENUE	28,667,895	2,063,150,632
EXPENSES		
Employee benefits expense	1,494,383	500,253,711
Finance costs	-	987,910,623
Other expenses	2,023,090	130,746,507
TOTAL EXPENSES	3,517,473	1,618,910,841
Profit before exceptional item and taxes	25,150,422	444,239,791
Exceptional item	-	186,863,267
Profit before tax	25,150,422	257,376,524
Tax expense	8,927,172	102,442,093
Profit after tax	16,223,250	154,934,431
Net cash flows from:-		
Operating activities	(61,777,629)	9,444,022,051
Financing activities	-	(13,150,900,503)
Investing activities	229,071,817	76,690,138

Note: There were no gain/loss due to transfer of assets and liabilities pursuant to discontinuance of the above business.

The carrying amounts of total assets and liabilities of discontinuing operations are as follows:-

	AS AT 31 MARCH 2018	AS AT 31 MARCH 2017
	IN ₹	IN ₹
Total assets	-	245,212,245
Total liabilities	-	103,068,479
NET ASSETS	-	142,143,766

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2018

27 CONTINGENT LIABILITIES

- i. Credit enhancements provided by the Company towards assignment / securitisation transactions aggregating to Nil (31 March 2017: ₹ 216,310,540 (cash collateral and principal subordination))
- ii. Demand for service tax received from service tax authorities in respect of which the Company has gone for appeal is ₹ 32,324,580 (31 March 2017: ₹ 32,324,580). Based on the management assessment, crystallization of liability on these items is not considered probable and hence not acknowledged as debt by the Company.
- iii. Demand from Income tax authorities in respect of which the Company has gone for appeal is ₹ 14,861,720 (31 March 2017: ₹ 14,861,720). Based on the management assessment, crystallization of liability on these items is not considered probable and hence not acknowledged as debt by the Company.
- iv. Commitment towards capital expenditure as at 31 March 2018 is ₹ 4,950,000 (31 March 2017: Nil).

28 CORPORATE SOCIAL RESPONSIBILITY

As per section 135 of the Companies Act, 2013, the Company needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. The areas for CSR activities are eradication of hunger, poverty and malnutrition, promoting health care and sanitation, promoting education, promoting gender equality, empowering women, destitute care and rehabilitation, ensuring environment sustainability, protection of national heritage, art and culture, disaster relief and rural development projects. A CSR committee has been formed by the Company as per the Companies Act, 2013. With the approval of CSR Committee, the funds were primarily allocated and utilized through the year on these activities which are specified in Schedule VII of the Companies Act, 2013.

Gross amount required to be spent by the Company during the year is ₹ 7,409,067 (previous year ₹ 6,551,481).

	In ₹		
Particulars	IN CASH	YET TO BE PAID	TOTAL
For the year ended 31 March 2018			
On construction/acquisition of any asset	-	-	-
On purposes other than above	8,581,231	-	8,581,231
For the year ended 31 March 2017			
On construction/acquisition of any asset	-	-	-
On purposes other than above	6,740,902	-	6,740,902

This is the summary of significant policies and other explanatory information referred to in our report of event date.

For Walker Chandio & Co LLP
Chartered Accountants
(Firm's Registration No.: 001076N/N500013)

For and on behalf of the Board of Directors of
IDFC Bharat Limited
(Formerly Grama Vidiyal Micro Finance Limited)

per Sumesh E S
Partner

S Devaraj
Chairman
DIN: 01936417

Arjun Muralidharan
Managing Director and CEO
DIN: 02726409

Tiruchirappalli | April 19, 2018

Tiruchirappalli | April 19, 2018

Boby Xavier
Company Secretary