



CORPORATE GOVERNANCE REPORT

PHILOSOPHY ON CORPORATE GOVERNANCE

Being a professionally run enterprise with no single promoter or promoter group, effective board oversight and sound Corporate Governance practices are fundamental to the quest of IDFC Limited (“IDFC” or “the Company”) in delivering long-term value to all its stakeholders. Good Corporate Governance is intrinsic to the management of the affairs of IDFC.

The Company believes that sound Corporate Governance is critical for enhancing and retaining investor trust. Therefore, it always seeks to ensure that its performance goals are met with integrity. By adopting such a

framework as it does, IDFC is renowned for exemplary governance standards since inception and continues to lay a strong emphasis on appropriate and timely disclosures and transparency in its business dealings.

Corporate Governance is a continuous process at IDFC. It is about commitment to values and ethical business conduct. Systems, policies and frameworks are regularly upgraded to meet the challenges of rapid growth in a dynamic external business environment.

SEBI LODR REGULATIONS

The Securities and Exchange Board of India (“SEBI”) on September 2, 2015

issued SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 (“SEBI LODR Regulations”) with the aim to consolidate and streamline the provisions of the Listing Agreement for different segments of capital markets to ensure better enforceability. The said regulations were effective December 1, 2015. SEBI LODR Regulations required the Company entered into simplified Listing Agreement with BSE Limited (“BSE”) and National Stock Exchange of India Limited (“NSE”) during November, 2015.

As a Company, which believes in implementing Corporate Governance practices that go beyond just meeting the letter of law, IDFC not only meets with the requirement of the Companies Act, 2013 (“the Act”) and mandated elements of SEBI LODR Regulations relating to Corporate Governance, but also implements certain non-mandatory recommendations.

This chapter, read with the chapters on Management Discussion & Analysis and Board’s Report confirms IDFC’s compliance with SEBI LODR Regulations.

BOARD OF DIRECTORS SIZE AND COMPOSITION OF BOARD

As on March 31, 2016, IDFC’s Board consisted of Eight Directors, comprising (i) Five Independent Directors (“IDs”) including a Non-Executive Independent Chairman; (ii) a Managing Director & CEO; (iii) One Nominee Director of an institution which has invested in the Company; and (iv) One Nominee Director of Government of India (“Gol”). The Directors bring to the Board a wide range of experience and skills which include banking, global finance, accounting and economics.

The composition of the Board is in conformity with Regulation 17 of SEBI LODR Regulations, read with Section 149(4) of the Act, with a Non-Executive Chairman and more than one third of the Board comprising of IDs.

The Directors oversee the management functions to ensure that these are effective and enhance Shareholder value. The Board's mandate

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inter alia is to have an oversight of the Company's strategic direction, to review corporate performance, assess the adequacy of risk management and mitigation measures, to authorise and monitor strategic investments, to ensure regulatory compliance as well as high standards of governance and safeguard interests of all stakeholders.

CHANGES IN BOARD OF DIRECTORS

During the year, the composition of the Boards of various IDFC group companies were reorganised in view of the Banking License received by IDFC Bank Limited. Accordingly, the following changes took place in directorships:

1. Mr. Vinod Rai

Appointed as an Independent Director w.e.f. June 30, 2015 and Non-executive Independent Chairman w.e.f. October 31, 2015.

2. Mr. Gautam Kaji

Resigned w.e.f. August 5, 2015 & appointed as an Independent Director w.e.f. October 1, 2015.

3. Dr. Omkar Goswami

Resigned w.e.f. August 6, 2015.

4. Late Mr. S. H. Khan

Resigned w.e.f. August 10, 2015.

5. Dr. Rajiv B. Lall

Resigned w.e.f. September 30, 2015.

During the year, **Mr. Chintamani Bhagat** was appointed as Nominee Director representing Domestic and Foreign

Institutional Shareholders in place of **Mr. Joseph Dominic Silva** w.e.f. October 31, 2015.

With profound grief and sadness we regret the sad demise of Mr. S. H. Khan, ID on January 12, 2016. Mr. Khan was associated with IDFC over two decades and had contributed immensely to the growth of the Company.

Table 1 gives details of the composition of Board of Directors for FY16 including their other Directorships and Memberships / Chairmanships of Committees.

CHANGES IN KEY MANAGERIAL PERSONNEL ("KMP")

As a part of restructuring of IDFC Group, Mr. Sunil Kakar and Mr. Mahendra Shah stepped down as CFO and CS, respectively of IDFC w.e.f. October 31, 2015 and Mr. Bipin Gemani & Mr. Ketan Kulkarni were appointed as CFO and CS, respectively w.e.f. October 31, 2015.

BOARD MEETINGS

The Board meets at least once a quarter to review the quarterly results and other items on the agenda and also on the occasion of the Annual General Meeting ("AGM") of the Shareholders. Additional meetings are held whenever necessary.

In consultation with the Chairman and Managing Director & CEO, the Company Secretary prepares the agenda and the explanatory notes and circulates these in advance to the Directors. Members of the Board are also free to recommend inclusion of any matter in the agenda for discussion.

Since the Board of IDFC includes Directors from various parts of the world, the Company does make use of video conferencing facility and other audio-visual means, when necessary, to enable larger participation of Directors in the meetings.

Members of the Senior Management are invited to attend the Board Meetings, make presentations and provide additional inputs to the items under discussion. The Minutes of each Board / Committee Meeting are recorded in the Minutes Book. The Minutes of Board Meetings of subsidiary companies of IDFC are periodically tabled at the Company's Board Meetings. A statement of all significant transactions and arrangements entered into by the subsidiary companies is also placed before the Board. All the recommendations made by the Audit Committee during the year were accepted by the Board.

During FY16, the Board met six times and the gap between two consecutive meetings was less than one hundred and twenty days. The dates of the meetings were: April 30, 2015, July 29, 2015, July 30, 2015, October 31, 2015, January 30, 2016 and March 30, 2016.

INFORMATION PROVIDED TO THE BOARD

The Board was presented with the information on various important matters of operations and business, annual operating plans, budgets, presentations, financial results of the Company and its subsidiaries, minutes of the Audit and other Committees of the Board, appointment / cessation and remuneration of Senior Management and KMP, various policies adopted at IDFC and Group level, details of joint ventures or collaboration, if any, information on subsidiaries, sale of investment, assets which are material in nature and not in normal course of business, foreign exposure and non-compliance, if any with regulatory or statutory guidelines or in SEBI LODR Regulations and other matters which are required to be placed before the Board in terms of the Act and Schedule II Part A of SEBI LODR Regulations, as and when applicable.

The Board periodically reviews compliances of all the laws applicable to IDFC, as well as steps taken to rectify instances of non-compliances, if any.

*Excluding Directorship in Foreign Companies, Private Limited Companies, Companies under Section 8 of the Act.

**Includes memberships and Chairmanship of only Audit Committee and Stakeholders' Relationship Committee as mandated under SEBI LODR Regulations.

None of the Directors on the Board is a member of more than ten committees and the Chairman of more than five committees in all public Companies in which he is a Director. All the Directors have made disclosures regarding their membership on various committees in other Companies which is in compliance with the provisions of the Companies Act 2013 and SEBI LODR Regulations.

¹ Appointed as Independent Director w.e.f. June 30, 2015 and Non-executive Independent Chairman w.e.f. October 31, 2015.

² Appointed as a Nominee Director in place of Mr. Joseph Dominic Silva w.e.f. October 31, 2015.

³ Late Mr. S. H Khan, Dr. Omkar Goswami, Mr. Gautam Kaji resigned w.e.f. August 10, 2015, August 6, 2015 and August 5, 2015 respectively.

⁴ Appointed as an Additional Director in the category of Independent Director w.e.f. October 1, 2015.

⁵ Resigned from Board w.e.f. September 30, 2015.

⁶ Late Mr. S. H. Khan, Chairman of the Audit Committee and Stakeholder Relationship Committee, owing to his health reasons could not attend the AGM of the Company, held on July 30, 2015.

⁷ Dr. Omkar Goswami, Chairman of Nomination and Remuneration Committee, could not attend the AGM of the Company held on July 30, 2015 owing to his personal commitments.

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COMPOSITION OF BOARD OF DIRECTORS FOR FY16

NAME OF THE DIRECTOR	DIN NO.	POSITION	NO. OF MEETINGS HELD IN FY16
Mr. Vinod Rai ¹	01119922	Non-executive Independent Chairman	5
Mrs. Snehlata Shrivastava	06478173	Nominee of Ministry of Finance, Gol, Non-executive	6
Mr. Chintamani Bhagat ²	07282200	Nominee of Domestic and Foreign Institutional Shareholders, Non-executive	3
Mr. S. S. Kohli	00169907	Independent Director	6
Mr. Gautam Kaji ^{3&4}	02333127	Independent Director	6
Mr. Donald Peck	00140734	Independent Director	6
Ms. Marianne Økland	03581266	Independent Director	6
Mr. Vikram Limaye	00488534	Managing Director & CEO	6
Dr. Rajiv B. Lal ⁵	00131782	Executive Chairman	3
Late Mr. S. H. Khan ^{3&6}	00006170	Independent Director	3
Dr. Omkar Goswami ^{3&7}	00004258	Independent Director	3
Mr. Joseph Dominic Silva ²	06388807	Nominee of Domestic and Foreign Institutional Shareholders, Non-executive	3

MEETING OF INDEPENDENT DIRECTORS

The Company's IDs met on April 29, 2016 without the presence of Executive Directors ("EDs") and the Management Personnel. All the five IDs of the Company attended the Meeting. Details of the performance evaluation has been provided hereinafter in this Report under the heading Performance Evaluation.

FAMILIARISATION PROGRAMMES FOR BOARD MEMBERS

The Board members are provided with necessary documents, reports and internal policies to enable them to familiarise with the Company's procedures and practices.

Periodic presentations are made at the Board Meetings, on business and performance updates of the Company / subsidiaries, global business

environment, business strategy and associated risks, roles, rights and responsibilities of IDs. Detailed presentations on the Company's business and businesses of its subsidiaries were made at the meetings of the Directors held during the year. The details of the above are available on the website of the Company - www.idfc.com.

CODE OF CONDUCT

The Board of Directors at its meeting held on January 30, 2016 approved and adopted the revised Code of Conduct for all Directors and designated Senior Management Personnel ("SMP")["Code"] after incorporating the changes specified in SEBI LODR Regulations. The Code is available on the website of the Company - www.idfc.com. All Board members and designated SMPs have affirmed their compliance with the Code. A declaration to this effect duly signed by the

NO. OF MEETINGS ATTENDED IN FY16	WHETHER ATTENDED LAST AGM ON JULY 30, 2015	NO. OF DIRECTORSHIPS OF PUBLIC COMPANIES* (INCLUDING IDFC)	NUMBER OF COMMITTEES (INCLUDING IDFC)**
5	Yes	4	3 (including 1 chairmanship)
1	No	3	3
2	NA	1	0
5	Yes	10	10 (including 5 chairmanship)
5	Yes	2	2 (both as chairman)
3	Yes	2	1
5	Yes	3	1
6	Yes	9	3
3	Yes	NA	NA
1	No	NA	NA
1	No	NA	NA
2	Yes	NA	NA

Managing Director & CEO is enclosed at the end of this chapter.

Further, all IDs have confirmed that they meet the criteria of Independence mentioned under Regulation 16(1)(b) of SEBI LODR Regulations read with Section 149(6) and 149(7) of the Act.

COMMITTEES OF THE BOARD

As of March 31, 2016, IDFC had the following Board-level Committees: (i) the Audit Committee; (ii) the Nomination & Remuneration Committee; (iii) the Risk Management Committee; (iv) the Stakeholders' Relationship Committee (v) the Corporate Social Responsibility Committee (vi) the Credit Committee (till September 30, 2015) and (vii) the Investment Committee. All decisions pertaining to the constitution of committees, appointment of members in different committees and fixing of terms of reference for the

committees are taken by the Board of Directors.

These Committees play a crucial role in the governance structure of the Company and help to delegate particular matters that require greater and more focused attention. They also prepare the groundwork for decision making and recommend their views to the Board. Majority of the members of all the above Committees consist of IDs. The Company Secretary officiates as the Secretary to all the Committees. The composition of various committees of the Board is posted on the website of the Company - www.idfc.com.

Details on the broad role and composition of the committees, including the number of meetings held during FY16 and the attendance of each member, are given hereinafter.

A. AUDIT COMMITTEE

As on March 31, 2016, the Audit Committee comprised three Members, all of whom are IDs. The Committee met four times during FY16: on April 30, 2015, July 29, 2015, October 31, 2015 and January 30, 2016. The time gap between two consecutive meetings was less than one hundred and twenty days. Attendance details of the Audit Committee Meetings are given in **Table 2**.

At the meeting of the Board of Directors held on October 31, 2015, the Audit Committee was reconstituted. The revised constitution is as under:

Mr. Gautam Kaji—Chairperson
Mr. Vinod Rai—Member
Ms. Marianne Økland—Member
Mrs. Snehlata Shrivastava—Member

The CFO, the representatives of the Statutory Auditors and Internal Auditors are permanent invitees to the Audit Committee Meetings. The Company Secretary of IDFC, is the Secretary to the Committee. The quorum of the meeting is two members.

The Minutes of the Audit Committee are circulated to the Members of the Board regularly and are taken note of.

All members of the Audit Committee are financially literate and have accounting and related financial management expertise.

The role of the Audit Committee includes the following:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommending to the Board, the appointment, remuneration and, terms of appointment if required, of the Statutory Auditors and the fixation of audit fees;
- Approving appointment of the CFO after assessing the qualifications, experience and background, etc. of the candidate;
- Approving payment to Statutory Auditors for statutory audits and any other services rendered by them;

ATTENDANCE DETAILS OF AUDIT COMMITTEE MEETINGS FOR FY16

NAME OF THE MEMBER	POSITION	STATUS	NO. OF MEETINGS HELD	NO. OF MEETINGS ATTENDED
Mr. Gautam Kaji ¹	Independent Director	Chairperson	4	3
Mr. Vinod Rai ²	Non-executive Independent Chairman	Member	2	2
Ms. Marianne Økland	Independent Director	Member	4	3
Mrs. Snehlata Shrivastava	Nominee Director	Member	4	0
Late Mr. S. H. Khan ³	Independent Director	Chairperson	2	2
Dr. Omkar Goswami ⁴	Independent Director	Member	2	1

¹ Appointed as Chairperson of the Committee w.e.f. October 31, 2015

² Appointed as a Member of the Committee w.e.f. October 31, 2015

³ Resigned as Chairperson of the Committee w.e.f. August 10, 2015

⁴ Resigned as a Member of the Committee w.e.f. August 6, 2015

■ Reviewing, with the Management, the annual financial statements and Auditors' Report before submission to the Board for approval, with particular reference to:

- a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report;
- b. Changes, if any, in accounting policies and practices and reasons for the same.
- c. Major accounting entries involving estimates based on the exercise of judgment by Management;
- d. Significant adjustments made in the financial statements arising out of audit findings, if any;
- e. Compliance with listing and other legal requirements relating to financial statements;
- f. Disclosure of related party transactions, where these exist;
- g. Qualifications in the draft audit report, if any.

■ Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval;

■ Reviewing, with the Management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of

proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

- Review and monitor the Auditors' independence and performance and effectiveness of audit process;
- Approval or any subsequent modification of transactions of the company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- Discussion with internal auditors of any significant findings and follow up there on;
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;

■ Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, Shareholders (in case of non-payment of declared dividends) and creditors, if any;
- To oversee the Vigil Mechanism and review the functioning of the Whistle Blower policy;
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Review of information by Audit Committee

The Audit Committee mandatorily reviews the following information:

- Management discussion and analysis of financial condition and results of operations;
- Statement of significant related party transactions (as defined by the Audit Committee), submitted by the management;
- Management letters / letters of internal control weaknesses issued by the statutory auditors, if any;
- Internal audit reports relating to internal control weaknesses if any; and
- The appointment, removal and terms of remuneration of the Chief Internal

Auditor shall be subject to review by the Audit Committee;

■ Statement of deviations

- a. Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to Stock Exchange(s) in term of Regulation 32(1) of SEBI LODR Regulations.
- b. Annual statement of fund utilized for purposes other than those stated in the offer document / prospectus / notice in terms of Regulation 32(7) of SEBI LODR Regulations.

The Audit Committee is also empowered to: (i) investigate any activity within its terms of reference and seek any information it requires from any employee and (ii) obtain outside legal or other independent professional advice and to secure the attendance / services of outsiders with relevant experience and expertise, when necessary.

In addition, the Audit Committee also reviews the financial statements, in particular, the investments made by the subsidiary companies;

The Audit Committee is also appraised on information with regard to related party transactions by being presented and having its views taken on:

- A statement in summary form of transactions with related parties in the ordinary course of business and carried out at arm's length basis;
- Details of materially significant individual transactions with related parties which are not in the normal course of business; and
- Details of materially significant individual transactions with related parties or others, which are not on an arm's length basis along with Management's justification for the same, if any.

B. NOMINATION & REMUNERATION COMMITTEE

As of March 31, 2016, the Nomination & Remuneration Committee ("NRC") comprised of Three Directors, all of whom are IDs. The Committee met four

times during FY16: on April 24, 2015, June 17, 2015, July 30, 2015 and October 31, 2015. The quorum of the meeting is two members. Attendance details of the NRC are given in **Table 3**.

At the meeting of the Board of Directors held on October 31, 2015, the NRC was reconstituted. The revised constitution is as under:

Mr. Donald Peck—Chairperson
Mr. Vinod Rai—Member
Mr. Gautam Kaji—Member

The role of the committee includes the following:

- a. Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel and other employees;
- b. Formulation of criteria for evaluation of performance of IDs and the Board;
- c. Devising a policy on Board diversity;
- d. Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal & shall carry out evaluation of every director's performance, whether to extend or continue the term of appointment of the ID on the basis of the report of performance evaluation of ID's;
- e. Succession planning of the Board of Directors and SMPs.

REMUNERATION POLICY

The Board, based on the recommendation of the NRC, approved the Remuneration policy for the Directors, Key Managerial Personnel, Senior Management Personnel and other Employees. The said policy is posted on the Website of the Company - www.idfc.com.

IDFC pays remuneration to EDs by way of salary, perquisites including

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ATTENDANCE DETAILS OF NOMINATION & REMUNERATION COMMITTEE MEETINGS FOR FY16

NAME OF THE MEMBER	POSITION	STATUS	NO. OF MEETINGS HELD	NO. OF MEETINGS ATTENDED
Mr. Donald Peck ¹	Independent Director	Chairperson	4	4
Mr. Vinod Rai ²	Non-executive Independent Chairman	Member	1	1
Mr. Gautam Kaji ²	Independent Director	Member	4	2
Dr. Rajiv B Lal ³	Executive Chairman	Member	3	3
Dr. Omkar Goswami ⁴	Independent Director	Chairperson	3	2

¹ Appointed as Chairperson of the Committee w.e.f. October 31, 2015

² Inducted as a Member of the Committee w.e.f. October 31, 2015

³ Resigned as a Member w.e.f. September 30, 2015

⁴ Resigned as Chairperson w.e.f. August 6, 2015.

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CRITERIA FOR PAYMENT OF COMMISSION TO NON-EXECUTIVE DIRECTORS

PARTICULARS	AMOUNT (₹ PER ANNUM) (FOR THE PERIOD UPTO OCTOBER 1, 2015)	AMOUNT (₹ PER ANNUM) (FOR THE PERIOD FROM OCTOBER 1, 2015)
Fixed Remuneration for member of the Board	1,050,000	700,000
Chairman of the Board	1,050,000	700,000
Chairman of the Audit Committee	300,000	200,000
Chairman of Other Committees	150,000	100,000
Member of the Audit Committee	150,000	100,000
Member of Other Committees	75,000	50,000
Variable remuneration (Depending on attendance at Board Meetings)	450,000	300,000

Note: The above numbers represent the criteria for payment of commission and not the actual amount being paid for FY16.

retirement benefits (fixed component) and a variable component based on the recommendation of the NRC and approval of the Board and the Shareholders of the Company. The same is separately disclosed in the annexures to Boards' Report. The remuneration paid to EDs is determined keeping in view the industry benchmark and the relative performance of the Company vis-à-vis industry performance.

The Non-executive Directors ("NEDs") are paid remuneration by way of commission and sitting fees. Commission is paid as per the limits approved by the Shareholders of the Company at the 16th AGM held on July 29, 2013. The Commission is distributed on the basis of attendance and contribution made at the Board and Committee Meetings as well as Chairmanship of the Committees. The criteria for payment of commission to NEDs are given in **Table 4**. IDFC will

pay a sum of ₹1.10 crore as commission to its NEDs for FY16. The said amount will be paid to the Directors, subject to deduction of tax, after the ensuing AGM. The Company has not granted any stock options to NEDs / IDs.

Table 5 gives details of remuneration paid to the Directors during FY16. The Company did not advance loans to any of its Directors during FY16. None of the Directors is entitled to severance fee and none of the NEDs held any stock options as at March 31, 2016. As per the current terms, the notice period for Mr. Vikram Limaye, Managing Director & CEO is three months. The approval of Shareholders is sought for reappointment of Mr. Vikram Limaye as Managing Director & CEO for three years w.e.f. May 1, 2016 at the ensuing AGM. None of the employees of the Company is related to any of the Directors. There are no inter-se relationships between Board members.

PERFORMANCE EVALUATION

The evaluation of the Chairperson, Directors and the Board / Committees was proposed to be done through circulation of three questionnaires, one for the evaluation of Chairperson, the another for Directors and the third for the Board & Committees thereof. The Directors discussed the questionnaires which were circulated and after discussion they informed that they would revert on the process to be followed for evaluation of each of the Directors and also of the Chairperson and the Board & its Committees.

SHARES AND CONVERTIBLE INSTRUMENTS HELD BY NEDs

As on March 31, 2016, none of the NEDs held any shares of the Company. There were no convertible instruments that were issued by the Company.

NAME OF THE DIRECTOR	SITTING FEES	SALARY AND PERQUISITES	CONTRIBUTION TO PROVIDENT AND OTHER FUNDS	COMMISSION FOR FY2015	PAID DURING FY2016 TOTAL
Mr. Vinod Rai ¹	550,000	-	-	-	550,000
Mrs. Snehlata Shrivastava	-	-	-	-	-
Mr. Chintamani Bhagat ²	150,000	-	-	-	150,000
Mr. S. S. Kohli	500,000	-	-	1,618,750	2,118,750
Mr. Gautam Kaji ³ & ⁴	575,000	-	-	1,875,000	2,450,000
Mr. Donald Peck	325,000	-	-	1,500,000	1,825,000
Ms. Marianne Økland	525,000	-	-	1,725,000	2,250,000
Mr. Vikram Limaye ⁵	-	28,154,275	1,951,680	-	30,105,955
Dr. Rajiv B. Lall ⁵ & ⁶	-	17,434,302	806,880	-	18,241,182
Late Mr. S. H. Khan ³	250,000	-	-	2,100,000	2,350,000
Dr. Omkar Goswami ³	175,000	-	-	1,875,000	2,050,000
Mr. Joseph Dominic Silva ⁷	150,000	-	-	1,200,000	1,350,000
Mr. Shardul Shroff ⁸	-	-	-	387,500	387,500

¹ Appointed as ID w.e.f. June 30, 2015 and Non-executive Independent Chairman w.e.f. October 31, 2015

² Appointed as a Nominee Director w.e.f. October 31, 2015.

³ Late Mr. S. H. Khan, Dr. Omkar Goswami, Mr. Gautam Kaji resigned as IDs w.e.f. August 10, 2015, August 6, 2015 and August 5, 2015 respectively.

⁴ Appointed as ID w.e.f. October 1, 2015.

⁵ During the year, Dr. Rajiv B Lall has been granted 1,500,000 stock options and Mr. Vikram Limaye has been granted 1,000,000 stock options under IDFC ESOS Scheme, 2007. The stock options granted to Dr. Lall and Mr. Limaye would vest in graded manner over a period of 3 years from the date of grant of options and are exercisable over a period of 5 years from the date of vesting. Options were granted at 'market price' as defined under SEBI (Share Based Employee Benefits. Regulations 2014. Details of performance linked incentives of Dr. Lall & Mr. Limaye are given in Board's Report.

⁶ Resigned from the Board w.e.f. September 30, 2015.

⁷ Resigned as a Nominee Director w.e.f. October 31, 2015.

⁸ Resigned as ID w.e.f. June 3, 2014.

C. RISK MANAGEMENT COMMITTEE

As on March 31, 2016, the Risk Management Committee comprises of Five members, including Managing Director & CEO and the remaining four being IDs. IDFC has in place mechanism to inform the Board about its risk assessment and minimisation procedures with periodical reviews to ensure that the Management controls risk through a Board-approved properly defined framework. The Board is responsible for framing, implementing and monitoring the risk management plan for the Company. This is done through its Board-level Risk Management Committee and it monitors and reviews risk management of the Company on a regular basis.

The Risk Management Committee reviews and monitors mainly three types of risks across the organisation: credit risk, market risk and operational

risk. This is done under the overall framework of the Enterprise Risk Management System. The Chairperson of the Committee, reports the findings / observations of the Committee to the Board.

The Committee met four times during the year under review on April 30, 2015; July 29, 2015; October 31, 2015 and January 30, 2016. The quorum of the meeting is three members. Attendance details of Risk Management Committee Meetings are given in **Table 6**.

At the meeting of the Board of Directors held on October 31, 2015, the Risk Management Committee was reconstituted as under:

Ms. Marianne Økland—Chairperson
Mr. Vinod Rai—Member
Mr. S. S. Kohli—Member
Mr. Gautam Kaji—Member
Mr. Vikram Limaye—Member

D. STAKEHOLDERS' RELATIONSHIP COMMITTEE

As of March 31, 2016, the Stakeholders' Relationship Committee ("SRC") consists of three Directors comprising of two IDs and the Managing Director & CEO. The Committee met four times during the year on April 30, 2015, July 29, 2015, October 31, 2015 and January 30, 2016. The quorum of the meeting is two members. Attendance details of SRC meetings are given in **Table 7**.

At the meeting of the Board of Directors held on October 31, 2015, the SRC was reconstituted. The revised constitution is as under:

Mr. Vinod Rai—Chairperson
Mr. S. S. Kohli—Member
Mr. Vikram Limaye—Member

The Committee is empowered to handle Shareholders' and other investors' complaints and grievances. The SRC considers and resolves the grievances of the security holders of the

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ATTENDANCE DETAILS OF RISK MANAGEMENT COMMITTEE MEETINGS FOR FY16

NAME OF THE MEMBER	POSITION	STATUS	NO. OF MEETINGS HELD	NO. OF MEETINGS ATTENDED
Ms. Marianne Økland ¹	Independent Director	Chairperson	4	3
Mr. Vinod Rai ²	Non-executive Independent Chairman	Member	2	2
Mr. S. S. Kohli ²	Independent Director	Member	2	2
Mr. Gautam Kaji ³	Independent Director	Chairperson	4	3
Mr. Vikram Limaye	Managing Director & CEO	Member	4	4
Late Mr. S. H. Khan ⁴	Independent Director	Member	2	2
Dr. Rajiv B. Lall ⁵	Executive Chairman	Member	2	2

¹Appointed as Chairperson of the Committee w.e.f. October 31, 2015

²Inducted as a Member of the Committee w.e.f. October 31, 2015

³Resigned as Chairperson w.e.f. August 5, 2015 and appointed as a Member of the Committee w.e.f. October 31, 2015

⁴Resigned as a Member w.e.f. August 10, 2015

⁵Resigned as a Member w.e.f. September 30, 2015

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ATTENDANCE DETAILS OF STAKEHOLDERS' RELATIONSHIP COMMITTEE MEETINGS FOR FY16

NAME OF THE MEMBER	POSITION	STATUS	NO. OF MEETINGS HELD	NO. OF MEETINGS ATTENDED
Mr. Vinod Rai ¹	Non-executive Independent Chairman	Chairperson	2	2
Mr. S. S. Kohli ²	Independent Director	Member	2	2
Mr. Vikram Limaye	Managing Director & CEO	Member	4	4
Late Mr. S. H. Khan ³	Independent Director	Chairperson	2	2
Dr. Rajiv B. Lall ⁴	Executive Chairman	Member	2	2

¹Appointed as Chairperson of Committee w.e.f. October 31, 2015

²Inducted as a Member of the Committee w.e.f. October 31, 2015

³Resigned as Chairperson w.e.f. August 10, 2015

⁴Resigned as a Member w.e.f. September 30, 2015

Company, including complaints related to transfer of securities, non-receipt of annual report, non-receipt of declared dividends etc.

It primarily focuses on:

- Review of investor complaints and their redressal;
- Review of queries received from investors;
- Review of work done by the Registrar & Share Transfer Agent;
- Review of corporate actions related to investor issues; and
- To perform any other function, duty as stipulated by the Act, Reserve Bank of India, SEBI, Stock Exchanges and any other regulatory authority or under any applicable laws, as amended from time to time.

Additionally, a Share Transfer Committee comprising of Mr. Vinod Rai, Mr. Vikram Limaye, Mr. Bipin Gemani and Mr. Ketan S. Kulkarni looks into share transfer / transmission / name deletion / transposition / rematerialisation and related applications received from Shareholders, with a view to accelerate the transfer procedures. The quorum for any meeting of this Committee is two members.

Mr. Ketan Kulkarni, the Company Secretary is designated as the Compliance Officer in terms of the SEBI LODR Regulations. In terms of Regulation 6(2)(d) of SEBI LODR Regulations, the designated e-mail address for investor complaints is ketan.kulkarni@idfc.com

No complaints were received till the time of demerger in respect of the bonds issued by the Company on private placement basis.

Effective October 1, 2015, the Infrastructure Bonds issued by the Company under Section 80CCF of the Income Tax Act, 1961 and bonds issued by the Company on private placement basis were transferred to IDFC Bank, pursuant to the Scheme of Demerger of Financing Undertaking of IDFC into IDFC Bank.

Details of queries and grievances received and attended by the Company during FY16 for Equity Shares and Infrastructure Bonds (upto September 30, 2015) are given in **Table 7A** and **7B**, respectively.

7A

NATURE OF COMPLAINTS RECEIVED AND ATTENDED DURING FY16 FOR EQUITY SHARES

SR. NO.	NATURE OF COMPLAINT	PENDING AS ON APRIL 1, 2015	RECEIVED DURING THE YEAR	ANSWERED DURING THE YEAR	PENDING AS ON MARCH 31, 2016
1.	Non-receipt of Dividend	NIL	252	252	NIL
2.	Non-receipt of Annual Report	NIL	923	923	NIL
3.	Complaints received from:				
	- SEBI	NIL	6	6	NIL
	- Stock Exchange	NIL	6	6	NIL
4.	Non-receipt of Refund	NIL	NIL	NIL	NIL
5.	Non-receipt of Electronic Credit(s)	NIL	NIL	NIL	NIL

7B

NATURE OF COMPLAINTS RECEIVED AND ATTENDED DURING THE PERIOD APRIL 1, 2015 TO SEPTEMBER 30, 2015 FOR INFRASTRUCTURE BONDS ISSUED U/S 80CCF OF INCOME TAX ACT, 1961

SR. NO.	NATURE OF COMPLAINT	PENDING AS ON APRIL 1, 2015	RECEIVED DURING THE YEAR	ANSWERED DURING THE YEAR	PENDING AS ON SEPTEMBER 30, 2015
1.	Non-receipt of Bond Certificate(s)	NIL	1,371	1,371	NIL
2.	Non-receipt of Electronic Credit	NIL	2	2	NIL
3.	Non-receipt of Refund order	NIL	12	12	NIL
4.	Status of Application	NIL	4	4	NIL
5.	Non-receipt of Interest	NIL	3,892	3,892	NIL
6.	Complaints received from:				
	- SEBI	NIL	25	25	NIL
	- Stock Exchange	NIL	NIL	NIL	NIL
	- ROC	NIL	1	1	NIL

E. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

As on March 31, 2016, the Corporate Social Responsibility ("CSR") Committee consists of Three Directors, comprising of Two IDs and the Managing Director & CEO. The quorum of the meeting is Two members. The Composition of CSR Committee is given in **Table 8**.

At the meeting of the Board of Directors held on October 31, 2015, the CSR Committee was reconstituted. The revised constitution is as under:

Mr. Vikram Limaye—Chairperson
Mr. S. S. Kohli—Member
Mr. Donald Peck—Member

The purpose of the Committee is to formulate and monitor the CSR policy of the Company which shall indicate the activities to be undertaken by the Company as specified in Schedule

VII and recommend the amount of expenditure to be incurred on these activities. Based on the recommendation of the CSR Committee at its meeting held on April 29, 2016, the existing CSR policy was amended in order to bring it in line with the recent amendments. A copy of the said CSR policy is also placed on the website of the Company - www.idfc.com.

Details of the CSR contribution made by IDFC during the year are given as an Annexure to the Board's Report.

F. CREDIT COMMITTEE (TILL SEPTEMBER 30, 2015)

The Credit Committee comprised of Six members, Four of whom were IDs and Two EDs. The Committee met once during the period on April 30, 2015. Post Demerger of Financing Undertaking

of IDFC into IDFC Bank, the said committee was dissolved.

G. INVESTMENT COMMITTEE

The Investment Committee ("IC") comprises of Four Members, Three of whom are IDs and the Managing Director & CEO. Post demerger, IDFC is an Investment Company. The broad mandate of IC is to take an informed decision about the proposed investments to be made by IDFC, having regard to factors like long-term value creation and / or business growth / diversification benefits and / or supplementing client strategy etc.

APPOINTMENT / REAPPOINTMENT OF DIRECTORS

Based on the recommendation of the NRC held on April 29, 2016, the Board at its meeting held on the same

NAME OF THE MEMBER	POSITION	STATUS
Mr. Vikram Limaye ¹	Managing Director & CEO	Chairperson
Mr. S. S. Kohli ²	Independent Director	Member
Mr. Donald Peck ²	Independent Director	Member
Dr. Rajiv B. Lall ³	Executive Chairman	Chairperson
Dr. Omkar Goswami ⁴	Independent Director	Member

¹Appointed as Chairperson w.e.f. October 31, 2015

²Inducted as a Member w.e.f. October 31, 2015

³Resigned as Chairperson w.e.f. September 30, 2015

⁴Resigned as a Member w.e.f. August 6, 2015

day approved the reappointment of Mr. Donald Peck as ID to hold office till the conclusion of the 21st AGM of the Company to be held for FY18. The Shareholders of the Company had appointed Mr. Vikram Limaye as Managing Director & CEO at the AGM held on July 29, 2013 for a period of three years w.e.f. May 2, 2013. Based on the recommendation of the NRC held on April 29, 2016, the Board at its meeting held on the same day approved the reappointment of Mr. Vikram Limaye as Managing Director & CEO for a period of 3 years w.e.f. May 1, 2016.

During the year, Mr. Gautam Kaji was appointed as an Additional Director in the category of ID w.e.f. October 1, 2015. The Board, at its meeting held on October 31, 2015, appointed Mr. Chintamani Bhagat as an Additional Director in place of Mr. Joseph Dominic Silva as a Nominee Director representing domestic and foreign institutional Shareholders.

The above reappointment are subject to the approval of the Members of the Company at the ensuing AGM.

Notices pursuant to Section 160 of the Act, have been received from the Members proposing appointment of Mr. Gautam Kaji, Mr Chintamani Bhagat and Mr. Donald Peck as Directors of your Company.

The Board recommends the above appointment / reappointment. Items seeking your approval on the above are included in the Notice convening the 19th AGM.

Brief profiles of the Directors getting appointed / reappointed are given in the Exhibit to the Notice of the AGM.

MD & CEO AND CFO CERTIFICATION

Certification from the Managing Director & CEO and CFO on the financial statements and internal controls relating to financial reporting for FY16 is enclosed at the end of this chapter.

CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

The Board of Directors at its Meeting held on January 30, 2016 adopted the revised Code of Conduct for Prevention of Insider Trading which was brought in line with the SEBI (Prohibition of Insider Trading) Regulations, 2015 with a view to regulate trading in securities by the Directors and designated employees of the Company.

The Code lays down guidelines and procedures to be followed and disclosures to be made, while dealing with shares of the Company, as well as the consequences of violation. The Code has been formulated to regulate, monitor and ensure reporting of deals by employees and to maintain the highest ethical standards of dealing in Company's securities. The said Code of Conduct for Prohibition of Insider Trading is also available on the website of the Company - www.idfc.com.

ANNUAL GENERAL MEETINGS HELD DURING THE LAST THREE YEARS

FINANCIAL YEAR	LOCATION OF THE MEETING	DATE	TIME	SPECIAL RESOLUTIONS PASSED WITH REQUISITE MAJORITY
FY13	The Music Academy, New No. 168 (Old No. 306), T.T.K. Road, Royapettah, Chennai 600 014.	July 29, 2013	2.30 p.m.	i. Appointment of Statutory Auditors; ii. Payment of commission to Non-executive Directors; iii. Additional 2% equity shares under the Employee Stock Option Scheme; iv. Decrease in limit of Foreign holding in the equity share capital from 74% to 54%.*
FY14	The Music Academy, New No. 168 (Old No. 306), T.T.K. Road, Royapettah, Chennai 600014.	July 29, 2014	2.00 p.m.	i. Approval of the Borrowing Limits of the Company; ii. Offer and Issue Non-Convertible Securities under Private Placement; iii. Further Issue of Securities iv. Alteration of the Object Clause of Memorandum of Association of the Company
FY15	The Music Academy, Kasturi Srinivasan Hall, New No. 168, (Old No. 306), Next to Acropolis Building T.T.K. Road, Royapettah, Chennai 600 014.	July 30, 2015	2.00 p.m.	i. Offer and Issue of Non-Convertible Securities under Private Placement

*The shareholders approved the reduction in ceiling limit on the aggregate foreign shareholding from 54% to 49.9% by passing a Special Resolution by way of Postal Ballot Notice dated December 23, 2013.

DISCLOSURES**RELATED PARTY DISCLOSURES**

During FY16, all transactions entered into with Related Parties, as defined under the Act and SEBI LODR Regulations, were in the ordinary course of business and on an arm's length basis and do not attract the provisions of Section 188 of the Act. There were no materially significant related party transactions that could have any potential conflict of interest of the Company at large. Suitable disclosure as required by the Accounting Standards (AS 18) has been made in the notes to the Financial Statements. The details of the transactions with related parties, if any, are placed before the Audit Committee from time to time and the same are included in the Notes to the Financial Statements which forms part of this Annual Report.

The Board of Directors have formulated a policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions pursuant to the provisions of the Act and SEBI LODR Regulations. The same is displayed on the website of the Company - www.idfc.com

SUBSIDIARY COMPANIES

Regulation 16(1)(c) of SEBI LODR Regulations defines a material non-listed Indian subsidiary as an unlisted subsidiary, incorporated in India, whose Income or net worth (i.e. paid-up capital and free reserves) exceeds 20% of the consolidated Income or net worth, respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year. By this definition, IDFC did not have any material non-listed Indian subsidiary as of March 31, 2015. As of March 31, 2016, the Company has two material subsidiaries—IDFC Financial Holding Company Limited (Unlisted) and IDFC Bank Limited (Listed). Mr. Vinod Rai, Non-executive Independent Chairman of IDFC is acting as the Nominee Director on the respective Boards of the above companies.

Based on the recommendation of the Audit Committee, the Board approved a Policy for determining 'material' subsidiaries at its meeting held on April 29, 2016. The said policy is placed on the website of the Company - www.idfc.com. The Audit Committee of IDFC reviews the financial statements of the subsidiary companies and the

investments made by its subsidiaries.

The minutes of the Board Meetings of the subsidiary companies are placed before the Board of IDFC at regular intervals. A statement of all significant transactions and arrangements entered into by the subsidiary companies, if any, is periodically placed before the Board of IDFC. The audited Annual Financial Statements of the subsidiary companies are provided to the Audit Committee and Board of IDFC.

CONFIRMATION OF COMPLIANCE

IDFC has complied with all the requirements of regulatory authorities. No penalties or strictures were imposed on the Company by Stock Exchanges or SEBI or any other statutory / regulatory authority(ies) on any matter related to capital market during the last three years.

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

As required under Schedule V of SEBI LODR Regulations, the Auditors' Certificate on Corporate Governance is annexed and forms part of the Annual Report.

COMMODITY PRICE RISKS OR FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES

The Company did not enter into any Commodity transactions. Foreign exposure by way of borrowing and lending were fully hedged during the applicable period.

GENERAL BODY MEETINGS ANNUAL AND EXTRA-ORDINARY GENERAL MEETINGS OF SHAREHOLDERS

Table 9 gives the details of the AGM held in last three financial years.

No Extra-Ordinary General Meeting of the Company was held during the last three financial years.

SHAREHOLDERS SPECIAL RESOLUTION SOUGHT TO BE PASSED AT THE ENSUING AGM

IDFC seeks the approval of Members of the Company by way of Special Resolution for (i) reappointment of Mr. Donald Peck as an ID of the Company (ii) approval of Borrowing limits of the Company and (iii) Approval of the Borrowing Limits of the Company including Issue of Non-Convertible Securities under Private Placement.

Detailed explanatory statement pursuant to Section 102 of the Act in respect of the above items forms part of the Notice of the 19th AGM.

MEANS OF COMMUNICATION WITH SHAREHOLDERS

As per Regulation 46 of SEBI LODR Regulations, IDFC maintains a website - www.idfc.com containing basic information about the Company, such as details of its business, financial results, shareholding pattern, compliance with corporate governance, contact information of the designated official who is responsible for assisting and handling investor grievances. It also displays all official press releases and presentation to institutional investors or analysts made by the Company.

Information on this website is regularly updated.

The financial and other information filed by the Company from time to time is also available on the website of the Stock Exchanges i.e BSE and NSE. NSE and BSE have introduced their respective electronic platforms namely NSE Electronic Application Processing System ("NEAPS") and BSE Listing Centre Online Portal for submission of various filings by listed companies. IDFC ensures that the requisite compliances are filed through these systems. The Company also informs to the Stock Exchanges the schedule of Investor Conferences where representatives of IDFC attend.

The quarterly, half-yearly and annual results of IDFC are published in leading newspapers like the Hindu Business Line & Makkal Kural and are also displayed on the website of the Company - www.idfc.com.

POSTAL BALLOT

During FY16, there were no Ordinary or Special Resolution(s) that were passed by Shareholders through Postal Ballot.

Based on the recommendation of the NRC and Board at their respective meetings held on April 29, 2016, the approval of the Shareholders was sought by way of Postal Ballot vide Postal Ballot Notice dated May 20, 2016, in respect of the following Special Resolutions:

- i.** Re-pricing and re-granting of Employee Stock Options ("ESOPs") granted under IDFC Employee Stock Option Scheme, 2007 and reduction of ESOP pool by 40% (from current 7% to 4.2% of the issued and paid up share capital of the Company from time to time);
- ii.** Approval of IDFC Employee Stock Option Scheme, 2016 in compliance with amended SEBI (Share Based Employee Benefits) Regulations, 2014 ("ESOP Regulations"), and grant of stock options to the Eligible Employees / Directors of the Company under the Scheme;

iii. Approval of IDFC Employee Stock Option Scheme, 2016 in compliance with amended ESOP Regulations and grant of stock options to the Eligible Employees / Directors of the Company's subsidiaries (present and future) under the Scheme.

In compliance with the provisions of Section 108 & Section 110 of the Act and Rule 20 & Rule 22 of the Companies (Management and Administration) Rules, 2014 and pursuant to Regulation 44 of the SEBI LODR Regulations, the Company had provided its Members the facility to exercise their right to vote on the postal ballot through the Electronic Voting ("e-voting") on all the resolutions as set out in the Notice of the Postal Ballot dated May 20, 2016. The Company had engaged the services of Karvy Computershare Private Limited ("Karvy") to provide the e-voting facility. E-voting was made available from Friday, May 27, 2016 at 9.30 a.m. till Saturday, June 25, 2016 at 5.00 p.m. The Company appointed M/s. BN & Associates, Company Secretaries as the Scrutinizer to scrutinize the entire Postal Ballot process.

The Scrutinizer submitted his report to the Chairman on completion of scrutiny on June 25, 2016 and the consolidated results of the said Postal Ballot were announced. The said results were made available on the website of the Company - www.idfc.com and also placed at the Registered and Corporate Office of the Company. Resolution no. (ii) and (iii) mentioned above were passed by the Shareholders with requisite majority (92.60% and 77.02% in favour, respectively). For Resolution no. (i) the total no. of votes in favour were 70.17% as against the requirement of 75% for passing a special resolution and accordingly, Resolution no. (i) was not approved. Effectively the ESOP pool stands at original 7% of the issued and paid up capital of the Company from time to time, as was approved by the Shareholders at 16th AGM held on July 29, 2013.

During FY17, the Company may pass further Special Resolution(s) through

Postal Ballot as and when required, pursuant to the applicable rules pertaining to the same.

VIGIL MECHANISM & WHISTLE BLOWER POLICY

Pursuant to provisions of Section 177(9) of the Act and Regulation 22 of SEBI LODR Regulations, the Company has established the Vigil Mechanism, by adopting Whistle Blower Policy, for the Directors and Employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct. It also provides adequate safeguards against the victimisation of employees who avail this mechanism and allows direct access to the Chairman of the Audit Committee in exceptional cases. The Audit Committee oversees the Vigil Mechanism. The Whistle Blower policy and establishment of Vigil Mechanism have been appropriately communicated within the Company and no personnel has been denied access to the Audit Committee. The details of the said mechanism have been disclosed on the website of the Company - www.idfc.com.

COMPLIANCE

The Company has adhered to all the mandatory requirements of Corporate Governance norms as prescribed under Clause 49 of the Listing Agreement and Regulations 17 to 27 and clause (b) to (i) of sub-regulation (2) of Regulation 46 of SEBI LODR Regulations to the extent applicable to the Company.

INTERNAL FINANCIAL CONTROLS AND ITS ADEQUACY

The Board has adopted policies and procedures for ensuring the orderly and efficient conduct of its businesses, including adherence to the Company's policies, the safeguard of its assets, the prevention of frauds and errors, the accuracy and completeness of the accounting policies, and the

timely preparation of reliable financial disclosures.

ADOPTION OF NON-MANDATORY REQUIREMENTS

SEPARATE POSTS OF CHAIRMAN AND CEO

The Company has complied with the requirement of having separate persons to the post of Chairman and Managing Director & CEO.

Mr. Vinod Rai is the Non-executive Independent Chairman and Mr. Vikram Limaye is Managing Director & CEO of the Company.

AUDIT QUALIFICATION

During the year under review, there were no audit qualifications in the Company's Standalone & Consolidated financial statements. IDFC continues to adopt best practices to ensure regime of unqualified financial statements.

REPORTING OF INTERNAL AUDITOR

The Internal Auditor presents its reports directly to the Audit Committee.

MANAGEMENT DISCUSSION AND ANALYSIS

Pursuant to Regulation 34 of SEBI LODR Regulations, the Annual Report has a separate chapter titled Management Discussion & Analysis.

DISCLOSURE OF ACCOUNTING TREATMENT IN PREPARATION OF FINANCIAL STATEMENTS

The Financial Statements of the Company have been prepared in accordance with Generally Accepted Accounting Principles in India ("Indian GAAP") to comply with the Accounting Standards as specified under Section 133 and relevant provisions of the Act, as applicable.

ANTI-MONEY LAUNDERING AND KNOW YOUR CUSTOMER POLICY

In keeping with specific requirements for a Non-Banking Financial Company, the Company has formulated an Anti-Money Laundering and Know Your Customer Policy.

GENERAL SHAREHOLDER INFORMATION

FINANCIAL CALENDAR

Financial year-April 1, 2015 to March 31, 2016

For the year ended March 31, 2016, results were announced on:

- July 30, 2015 for the first quarter.
- October 31, 2015 for the second quarter and half year.
- January 30, 2016 for the third quarter.
- April 29, 2016 for the fourth quarter and annual.

For the year ending March 31, 2017, results will be announced latest by:

- Second week of August, 2016 for the first quarter.
- Second week of November, 2016 for the second quarter and half year.
- Second week of February, 2017 for the third quarter.
- Last week of May, 2017 for the fourth quarter and annual.

DIVIDEND

In view of losses incurred during the year, the Directors did not recommend any dividend for FY16.

IDFC'S LISTING AND STOCK EXCHANGE CODES

At present, the equity shares of IDFC are listed on BSE and NSE details whereof are given in **Table 10**. The annual listing fees for FY17 have been paid.

UNCLAIMED SHARES LYING IN THE ESCROW ACCOUNT

IDFC has credited the unclaimed shares lying in the escrow account, allotted in the Initial Public Offer of the Company during July-August 2005, into a Demat Suspense Account opened specifically

10 IDFC'S STOCK EXCHANGE CODES FOR EQUITY SHARES

NAME OF THE STOCK EXCHANGE	STOCK SYMBOL / SCRIP CODE
National Stock Exchange of India Limited Exchange Plaza, C-1, Block G, Bandra-Kurla-Complex, Bandra (East), Mumbai 400 051	IDFC
BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001	532659
ISIN	INE043D01016

11 UNCLAIMED SHARES LYING IN THE ESCROW ACCOUNT

PARTICULARS	NO. OF CASES / MEMBERS	NO. OF SHARES OF ₹ 10 EACH
Aggregate number of Shareholders and the outstanding shares in the suspense account lying at the beginning of the year.	100	28,453
Number of Shareholders who approached to IDFC / Registrar for transfer of shares from suspense account during the year 2015-16	NIL	NIL
Number of Shareholders to whom shares were transferred from suspense account during the year 2015-16	NIL	NIL
Aggregate number of Shareholders and the outstanding shares in the suspense account lying at the end of the year i.e. as on March 31, 2016	100	28,453

for this purpose. The Company transfers the shares lying unclaimed under the IPO to the eligible shareholders as and when the request for the same has been received after proper verification. However, during the year ended March 31, 2016, the Company has not received any request for claiming these shares. Details of shares lying in the 'Unclaimed Suspense Account' as on March 31, 2016 are given in **Table 11**.

The voting rights on the shares held in the said unclaimed suspense account shall remain frozen till the rightful owner claims the shares.

STOCK PRICES

Table 12A and 12B gives details of the stock market prices of IDFC's shares pre-demerger and post-demerger. A comparison of the share prices of the Company at NSE and BSE with their respective indices are given in **Charts A and B**.

DISTRIBUTION OF SHAREHOLDING

The distribution of the shareholding of IDFC's equity shares by size and by

ownership along with Top 10 equity Shareholders of the Company as on March 31, 2016 are given in **Table 13**, **Table 14** and **Table 15**, respectively.

DEMATERIALIZATION OF SHARES

The Company's shares are compulsorily traded in dematerialised form and are available for trading on both the depositories in India NSDL and CDSL. As on March 31, 2016, approximately 99.99% shares of IDFC were held in dematerialised form. **Table 16** gives the details.

OUTSTANDING GDRs / ADRs / WARRANTS OR ANY CONVERTIBLE INSTRUMENTS, CONVERSION DATE AND LIKELY IMPACT ON EQUITY

The Company does not have outstanding GDRs / ADRs / Warrants or any Convertible Instruments as on date.

UNCLAIMED / UNPAID DIVIDEND

Pursuant to the provisions of Sections 205A and 205C of the Companies Act, 1956, any dividend / refund which remains unclaimed / unpaid for a period

of seven years from the date of transfer to the unpaid dividend / refund account is required to be transferred to the Investor Education and Protection Fund ("IEPF") established by the Central Government. No claim shall lie against the Company or IEPF after such a transfer.

Dividends for and up to FY08 have already been transferred to IEPF. The unpaid dividend amount pertaining to FY09 will be transferred to IEPF during this year. Hence members who have not yet encashed their dividend warrant(s) pertaining to dividend for FY09 are requested to make their claims on or before August 23, 2016 to IDFC / Registrar and Transfer Agent.

Pursuant to the applicable provisions of the Act and Companies Act, 1956, it is clarified that claims in respect of dividend amounts that have remained unclaimed or unpaid beyond the period of seven years from the date of payment shall be made to IEPF (i.e. with the Central Government). In other words, once the unclaimed amount is



ANNUAL GENERAL MEETING

DATE & TIME

**Wednesday
July 27, 2016
2:00 p.m.**

VENUE

The Music Academy

T.T.K. Auditorium (Main Hall), Near
Acropolis Building, New No. 168
(Old No. 306), T.T.K. Road, Royapettah,
Chennai 600 014, Tamil Nadu.

transferred to IEPF, no claims shall lie against the Company in respect thereof.

The status of dividend remaining unclaimed is given in **Table 17**.

Pursuant to the provisions of IEPF (Uploading of Information regarding Unpaid and Unclaimed amounts lying with Companies) Rules, 2014, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on July 30, 2015 (date of last AGM) on the Company's website - www.idfc.com and on Ministry of Corporate Affairs website.

SHARE TRANSFER SYSTEM

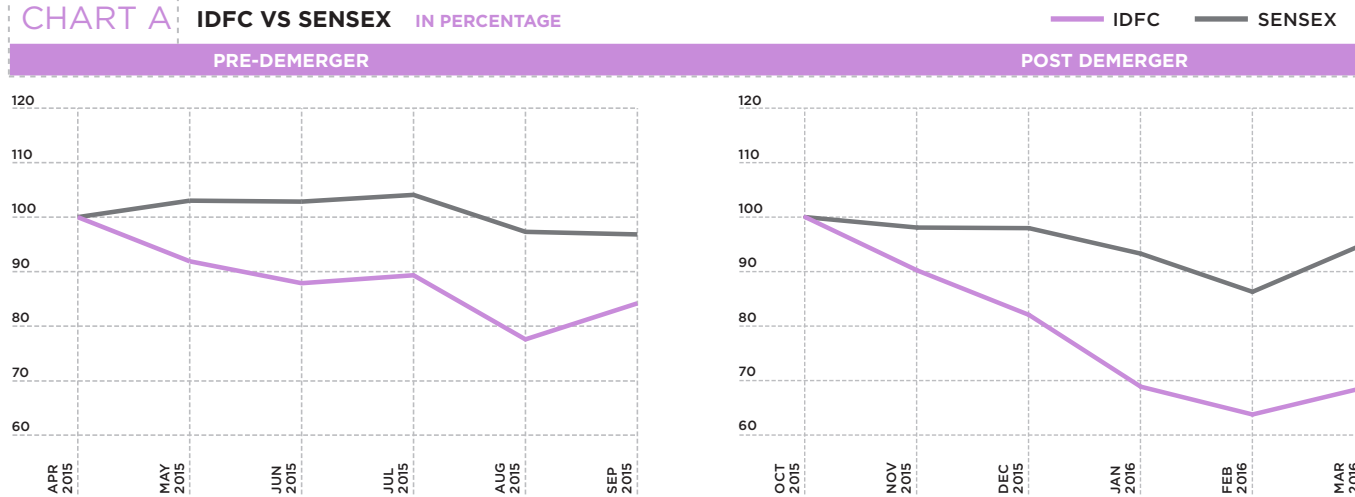
IDFC has appointed Karvy as its Registrar and Transfer Agent. All share transfers and related operations are conducted by Karvy, which is registered with the SEBI as a Category 1 Registrar. The shares sent for physical transfer are effected after giving a 15 days' notice to the seller for confirmation of the sale. IDFC has a Stakeholders' Relationship Committee for redressing Shareholders' and investors' complaints regarding securities issued by IDFC from time to time.

As required under Regulation 40(9) of SEBI LODR Regulations (Erstwhile Clause 47(c) of the Listing Agreement), a Practising Company Secretary examines the records relating to Share Transfer Deeds, Registers and other related documents on a half-yearly basis and has certified compliance with the provisions of the above Regulations.

As required by SEBI, Audit of Reconciliation of Share Capital is conducted by a Practising Company Secretary on a quarterly basis, for the purpose, *inter alia*, of reconciliation of the total admitted equity share capital with the depositories and in the physical form with the total issued / paid-up equity capital of the Company.

Certificates issued in this regard are forwarded to BSE and NSE on periodic basis.

CHART A: IDFC VS SENSEX IN PERCENTAGE



12A

HIGH, LOW AND VOLUMES OF IDFC'S EQUITY SHARES PRE-DEMERGER

	NSE			BSE		
	HIGH	LOW	VOLUME	HIGH	LOW	VOLUME
April 2015	185.00	161.95	101,684,714	178.75	162.00	16,867,507
May 2015	169.85	152.30	125,630,471	169.90	152.30	16,458,359
June 2015	156.20	143.30	92,328,806	156.15	143.30	13,078,326
July 2015	163.60	147.10	122,930,597	163.50	147.10	16,671,108
August 2015	152.90	127.05	113,158,870	152.95	125.00	16,259,586
September 2015	144.10	121.40	191,508,965	144.15	121.50	21,740,085

Note: High and Low are in rupees per traded share. Volume is the total monthly volume of trade in number of IDFC's shares.

12B

HIGH, LOW AND VOLUMES OF IDFC'S EQUITY SHARES POST DEMERGER

	NSE			BSE		
	HIGH	LOW	VOLUME	HIGH	LOW	VOLUME
October 2015	73.90	58.30	238,481,714	74.90	58.30	38,290,448
November 2015	61.65	51.50	151,609,668	61.65	51.50	15,600,671
December 2015	54.20	44.00	102,698,354	54.10	44.05	12,513,664
January 2016	49.50	38.35	90,115,164	48.90	38.40	15,443,671
February 2016	44.60	34.80	93,867,141	44.40	34.80	16,906,890
March 2016	40.95	37.30	58,882,973	40.90	37.35	11,285,770

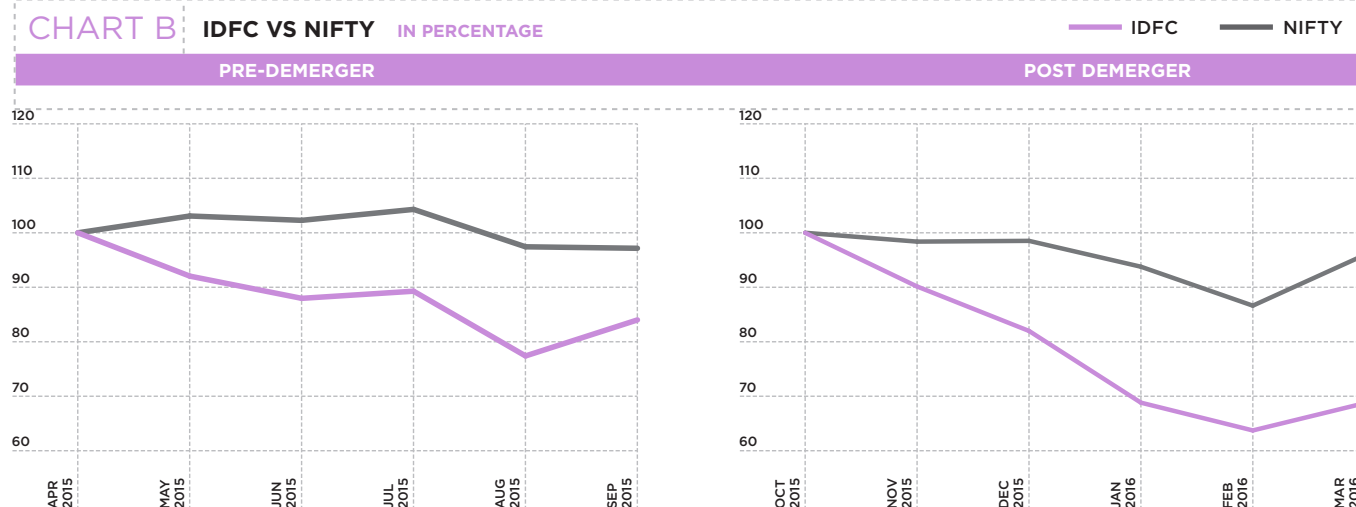
Note: High and Low are in rupees per traded share. Volume is the total monthly volume of trade in number of IDFC's shares.

13

IDFC'S DISTRIBUTION OF SHAREHOLDING PATTERN BY SIZE

CATEGORY (SHARES)	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF SHARES
1-5000	490,821	98.69	159,052,809	9.98
5001-10000	3,382	0.68	25,110,141	1.58
10001-20000	1,512	0.30	21,685,307	1.36
20001-30000	436	0.09	10,967,273	0.69
30001-40000	225	0.05	7,996,011	0.50
40001-50000	134	0.03	6,158,536	0.39
50001-100000	308	0.06	22,149,614	1.39
100001 & Above	484	0.10	1,340,900,977	84.11
TOTAL	497,302	100.00	1,594,020,668	100.00

CHART B IDFC VS NIFTY IN PERCENTAGE



14 IDFC'S EQUITY SHAREHOLDING PATTERN BY OWNERSHIP

SR. NO.		MARCH 31, 2016		MARCH 31, 2015	
		NO. OF EQUITY SHARES (FACE VALUE OF ₹ 10 EACH)	% OF SHARES	NO. OF EQUITY SHARES (FACE VALUE OF ₹ 10 EACH)	% OF SHARES
PROMOTERS HOLDING					
i.	Promoters	-	-	-	-
	Indian Promoters	-	-	-	-
	Foreign Promoters	-	-	-	-
ii.	Persons acting in concert	-	-	-	-
NON-PROMOTERS HOLDING					
i.	President of India	261,400,000	16.41	261,400,000	16.41
ii.	Banks, Financial institutions, Insurance Companies (Central/ State Government Institutions/ Non-Government Institutions)	61,351,423	3.85	73,601,379	4.62
iii.	Foreign Institutional Investors (FIIs)	729,910,965	45.78	754,628,310	47.40
iv.	Foreign Direct Investment (FDI)	5,151,271	0.32	5,851,271	0.37
v.	Mutual Funds	139,208,295	8.73	137,020,532	8.60
vi.	Private Corporate Bodies	86,794,103	5.44	153,745,975	9.65
vii.	Indian Public	264,143,412	16.57	177,310,615	11.13
viii.	NRIs / OCBs / Foreign Nationals	12,853,361	0.81	9,111,146	0.57
ix.	Any other	-	-	-	-
x.	Clearing Members	8,287,710	0.52	4,378,198	0.27
xi.	Trusts	12,925,469	0.81	7,389,281	0.46
xii.	HUFs	11,729,466	0.74	8,344,159	0.52
xiii.	NBFCs	265,193	0.02	-	-
GRAND TOTAL		1,594,020,668	100.00	1,592,780,866	100.00

INVESTOR CORRESPONDENCE SHOULD BE ADDRESSED TO REGISTRAR AND SHARE TRANSFER AGENT

Karvy Computershare Private Limited
(Unit: IDFC Limited)
Karvy Selenium Tower B,
Plot No. 31 & 32 Gachibowli,
Financial District,
Nanakramguda, Serilingampally
Hyderabad 500 032
Tel: +91 40 67162222
Fax: +91 40 23420814
E-mail: einward.ris@karvy.com

THE COMPANY SECRETARY

Naman Chambers,
C-32, G Block,
Bandra-Kurla Complex,
Bandra (East), Mumbai 400 051
Tel: +91 22 4222 2018
Fax: +91 22 2654 0354
E-mail: ketan.kulkarni@idfc.com
Website: www.idfc.com

REGISTERED OFFICE ADDRESS

KRM Tower, 8th Floor,
No. 1, Harrington Road,
Chetpet, Chennai 600 031
Tel: +91 44 4564 4000
Fax: +91 44 4564 4022

15 TOP 10 EQUITY SHAREHOLDERS OF THE COMPANY AS ON MARCH 31, 2016

NAME	SHARES	% TO EQUITY
President of India	261,400,000	16.40%
Sipadan Investments (Mauritius) Limited	151,145,989	9.48%
National Westminster Bank Plc as Depository of First State Asia Pacific Leaders Fund a sub Fund of First State Investments ICVC	103,927,160	6.52%
Orbis Sicav-Asia Ex-Japan Equity Fund	50,780,947	3.19%
Actis Hawk Limited	37,091,569	2.33%
First State Investments (Hongkong) Limited A/C First State Asian Equity Plus Fund	30,198,843	1.89%
Clsa Global Markets Pte. Ltd.	27,530,245	1.73%
East Bridge Capital Master Fund Limited	25,768,744	1.62%
Mr. Ashish Dhawan	19,999,990	1.25%
Orbis Global Equity Fund Ltd	17,919,198	1.12%

16 DEMATERIALISATION OF SHARES AS ON MARCH 31, 2016

CATEGORY	NO. OF SHARES	%
Physical	31,194	0.002
NSDL	1,510,459,365	94.758
CDSL	83,530,109	5.240
TOTAL	1,594,020,668	100.00

17 STATUS OF UNCLAIMED DIVIDEND AS ON MARCH 31, 2016

PARTICULARS	UNCLAIMED DIVIDEND (₹)	DATE OF DECLARATION OF THE DIVIDEND	LAST DATE FOR CLAIMING DIVIDEND
2008-09	1,713,808	July 20, 2009	August 23, 2016
2009-10	1,952,780	June 28, 2010	July 31, 2017
2010-11	2,801,672	July 27, 2011	August 29, 2018
2011-12	3,225,212	July 9, 2012	August 12, 2019
2012-13	2,714,374	July 29, 2013	August 29, 2020
2013-14	3,037,542	July 29, 2014	September 2, 2021
2014-15	2,964,710	July 30, 2015	September 3, 2022