

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 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.

BOARD OF DIRECTORS

The Board of Directors oversee the management functions to ensure

that they are effective and enhance value for all the stakeholders. The Board’s mandate *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.

COMPOSITION OF BOARD

The Board comprises of a majority of Independent Directors (“IDs”). It has an appropriate combination of Executive and Non-Executive Directors (“NEDs”), including IDs. As on March 31, 2017, IDFC’s Board consisted of 9 Directors, comprising of (i) Five IDs, including a Independent Non-Executive Chairperson; (ii) a Managing Director & Chief Executive Officer (“**Managing Director & CEO**”); (iii) Two Nominee Directors representing the Government of India (“**GoI**”) and (iv) One Nominee Director representing an institution which has invested in the Company. The composition of the Board represents an optimal mix of professionalism, knowledge and experience across various fields viz. banking, global finance, accounting and economics which enables the Board to discharge its responsibilities and provide effective leadership to the business. The Chairperson of the Board is a Non-Executive ID. None of the Directors of your Company are inter-se related to each other. The composition of the Board is in conformity with Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements), Regulations (“**SEBI LODR Regulations**”), read with Section 149(4) of the Companies Act, 2013 (“**Act**”) with the Company having Independent Non-Executive Chairperson and more than one third of the Board comprising of IDs.

Table 1 gives details of the composition of Board of Directors for FY17 including their Directorships

and Memberships / Chairmanships of committees in other companies, alongwith details of the attendance at Board meetings and the Annual General Meeting (“AGM”), respectively.

The number of Directorships, Committee Memberships / Chairmanships of all Directors is within respective limits prescribed under the Act and SEBI LODR Regulations.

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 AGM of the Shareholders. Additional meetings are held whenever necessary. The agenda and the explanatory notes are circulated 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, it may not be possible for each of them to be physically present at all the meetings, hence the Company makes 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 to 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 FY17, the Board met 7 (seven) times and the intervening period between two Board meetings was well within the limit prescribed. The annual calendar of meetings is broadly determined at the beginning of each

year. The Board Meetings were held on April 29, 2016; June 28, 2016; July 26, 2016; October 28, 2016; January 31, 2017; February 17, 2017 and March 31, 2017.

INFORMATION PROVIDED TO THE BOARD

The Board agenda is prepared by the Company Secretary of the Company in consultation with the Chairperson and Managing Director & CEO of the Company. Meetings are governed by a structured agenda. The Board agenda and notes thereof are backed by comprehensive background information to enable the Board to take informed decisions and are sent to the Directors well in advance, pursuant to the provisions of the Secretarial Standards and other applicable provisions of the Act and Rules made thereunder to enable them to peruse and comprehend the matters to be dealt with or seek further information / clarifications on the matter listed therein. The Board also passes resolutions by circulation on need basis, which are noted and confirmed in the subsequent Board meeting.

The Board is 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 and assets which are material in nature and not in ordinary course of business, foreign exposure, compliances of all the laws applicable to IDFC and non - compliance, if any and steps taken to rectify instances of non-compliances and other matters which are required to be placed before the Board.

With a view to leverage technology and reduce paper consumption, the Company has adopted a web-based

application for transmitting Board / Committee Agenda. The Directors of the Company receive the Agenda in electronic form through this application, which can be accessed through iPads or Browsers. The application meets high standards of security and integrity that is required for storage and transmission of Board / Committee Agenda in electronic form.

COMMITTEES OF THE BOARD

The Board Committees play a crucial role in the governance structure of the Company and help in delegating particular matters that require greater and more focused attention. The Board Committees are set up as per the provisions of the Act and / or SEBI LODR Regulations or as per the requirement of the Company. However, every Committee is under the formal approval of the Board to carry out clearly defined roles which are considered to be performed by members of the Board. The Board supervises the execution of its responsibilities by the Committees and is responsible for their action. The Chairperson of the respective Committee informs the Board about the summary of the discussions held in the Committee Meetings. The minutes of the meetings of these Committees are placed before the Board for review. The Committees ensure that any feedback or observations made by them during the course of meetings form part of the Action Taken Report for their review at the next meeting. Majority of the Members of all the Committees consist of IDs. The Board Committees also request special invitees to join the meetings of the Committees, wherever appropriate. The Company Secretary officiates as the Secretary to all the Committee Meetings. The composition of various committees of the Board is in line with the applicable regulations and is hosted on the website of the Company: www.idfc.com.

The Board has established the following statutory and non-statutory Committees.

NAME & CATEGORY OF THE DIRECTOR	NO OF BOARD MEETINGS HELD AND ATTENDED IN FY17	WHETHER ATTENDED LAST AGM ON JULY 27, 2016	NO OF DIRECTORSHIP OF PUBLIC COMPANIES (INCLUDING IDFC) ¹	MEMBERSHIP, INCLUDING CHAIRMANSHIP OF COMMITTEES (INCLUDING IDFC) ²
Independent Directors				
Mr. Vinod Rai (Independent Non-Executive Chairperson)	7/7	Yes	3	3 (including 1 chairmanship)
Mr. Gautam Kaji	7/7	Yes	2	2 (both as chairman)
Mr. S. S. Kohli	7/7	Yes	10	9 (including 5 chairmanship)
Mr. Donald Peck	6/7	Yes	2	1
Ms. Marianne Økland	7/7	Yes	3	1
Government Nominee Directors				
Mr. Manish Kumar ³	2/3	NA	1	-
Mr. Soumyajit Ghosh ³	2/3	NA	1	-
Mrs. Snehlata Shrivastava ⁴	1/4	No	NA	NA
Nominee of Domestic and Foreign Institutional Shareholders				
Mr. Chintamani Bhagat	6/7	No	1	-
Managing Director & CEO				
Mr. Vikram Limaye ⁵	7/7	Yes	9	3

¹ Excluding Private Limited Companies, Foreign Companies, Section 8 Companies and Alternate Directorships.

² Includes only Audit Committee and Stakeholders' Relationship Committee.

³ Appointed with effect from January 11, 2017

⁴ Resigned from the Board with effect from November 29, 2016

⁵ Mr. Vikram Limaye has tendered his resignation as Managing Director & CEO of the Company w.e.f. July 15, 2017.

- A. Audit Committee
- B. Nomination & Remuneration Committee
- C. Risk Management Committee
- D. Stakeholders' Relationship Committee
- E. Corporate Social Responsibility Committee
- F. Investment Committee

Composition and Attendance of Directors at Committee Meeting(s)

Table 2 shows composition and attendance of Directors at the Committee meeting(s) held during FY17. Attendance is presented as number of meeting(s) attended (including meetings attended through electronic mode) out of the number of meeting(s) held during FY17.

A. AUDIT COMMITTEE

The Audit Committee comprises of three Members, all of whom are IDs. The Committee is chaired by Mr. Gautam Kaji and has Mr. Vinod Rai and Ms. Marianne Økland as its Members with any two

Members forming the quorum. During the year, Mrs. Snehlata Shrivastava resigned as a Director and Member of the Audit Committee with effect from November 29, 2016.

The Committee met four times during FY17. The time gap between two consecutive meetings was less than one hundred and twenty days. The dates of the Meetings were April 29, 2016; July 26, 2016; October 28, 2016 and January 31, 2017.

The Chief Financial Officer ("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 Audit Committee. The Minutes of the Audit Committee Meetings 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 ensuring correct, adequate and credible disclosure of financial information.
- Recommending to the Board, the appointment, remuneration and terms of appointment if required, of the Statutory Auditors & Internal Auditors and the fixation of audit fees.
- Reviewing, with the Management, the annual financial statements and Auditors' Report before submission to the Board for approval, with special emphasis on accounting policies and practices, compliance with accounting standards and other legal requirements concerning financial statements.
- Review performance and financials of subsidiary companies, including Investments made by them.
- Reviewing the adequacy of internal audit carried out in the Company and wherever required, to review the scope, coverage and frequency of the internal audit and amend the same as per requirements.
- 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.
- 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.
- Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate.
- Any other terms of reference as may be included from time to time in the Act, SEBI LODR Regulations, including

any amendments / re-enactments thereof from time to time.

B. NOMINATION & REMUNERATION COMMITTEE

As of March 31, 2017, the Nomination & Remuneration Committee ("NRC") comprised of Mr. Donald Peck as the Chairperson and Mr. Vinod Rai & Mr. Gautam Kaji as its Members, all of whom are IDs. The quorum of the meeting is any two Members. The Committee met three times during the year on April 29, 2016; July 26, 2016 and March 31, 2017.

The role of NRC 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. Scrutinizing the nominations of the Directors with reference to their qualifications and experience, for identifying 'Fit and Proper' persons, assessing competency of the persons and reviewing compensation.
- c. Formulation of criteria for evaluation of performance of every Director and the Board as a whole.
- d. Devising a policy on Board diversity.
- e. 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.
- f. Administering the Employee Stock Option Plan of the Company and determining eligibility of employees for stock options.
- g. Any other terms of reference as may be included from time to time in the Act, SEBI LODR Regulations, including any amendments / re-enactments thereof from time to time.

REMUNERATION POLICY

IDFC pays remuneration to the Executive Director ("ED") by way of salary, perquisites including 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 Company has a Board approved Remuneration policy in place which is hosted on the website of the Company www.idfc.com. The remuneration paid to ED is determined keeping in view the industry benchmark and the performance of the Company vis-à-vis industry performance.

The 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 3**. IDFC will pay a sum not exceeding ₹ 85 Lacs as commission to its NEDs for FY17. 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. As on March 31, 2017, none of the NEDs held any shares of the Company.

Table 4 gives details of remuneration paid to the Directors during FY17. The Company did not advance loans to any of its Directors during FY17. None of the Directors is entitled to severance fee and none of the NEDs held any stock options as at March 31, 2017. As per the current term of employment, the notice period of Mr. Vikram Limaye, Managing Director & CEO is 3 months. None of the employees of the Company is related to any of the Directors of the Company.

NAME OF THE MEMBER	AUDIT COMMITTEE	NOMINATION & REMUNERATION COMMITTEE	RISK MANAGEMENT COMMITTEE	STAKEHOLDER'S RELATIONSHIP COMMITTEE	CORPORATE SOCIAL RESPONSIBILITY COMMITTEE
Mr. Vinod Rai	4/4	3/3	2/2	C 4/4	-
Mr. Gautam Kaji	C 4/4	3/3	2/2	-	-
Mr. S. S. Kohli	-	-	2/2	4/4	1/1
Mr. Donald Peck	-	C 3/3	-	-	1/1
Ms. Marianne Økland	4/4	-	C 2/2	-	-
Mr. Chintamani Bhagat	-	-	-	-	-
Mrs. Snehlata Shrivastava ¹	0/3	-	-	-	-
Mr. Vikram Limaye ²	-	-	2/2	4/4	C 1/1

figures marked with "C" represent Chairperson of the Committee

1 Resigned as a Director & Member of the Audit Committee w.e.f. November 29, 2016.

2 Mr. Vikram Limaye has tendered his resignation as Managing Director & CEO of the Company w.e.f. July 15, 2017.

C. RISK MANAGEMENT COMMITTEE

As on March 31, 2017, the Risk Management Committee comprises of five Members, with Ms. Marianne Økland as the Chairperson and Mr. Vinod Rai, Mr. Gautam Kaji, Mr. S. S. Kohli & Mr. Vikram Limaye as its Members, with any three Members forming the quorum. The Committee met two times during the year on April 29, 2016 and October 28, 2016.

IDFC has in place mechanism to inform the Board about its risk assessment and risk mitigation procedures with periodical reviews to ensure that the Management controls risk through a Board-approved properly defined framework. 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.

D. STAKEHOLDERS' RELATIONSHIP COMMITTEE

As of March 31, 2017, the Stakeholders' Relationship Committee ("SRC") consists

of three Directors - Mr. Vinod Rai as the Chairperson and Mr. S. S. Kohli & Mr. Vikram Limaye as its Members, with any two Members forming the quorum. The Committee met four times during the year on April 29, 2016; July 26, 2016; October 28, 2016 and January 31, 2017.

The Committee is empowered to handle Shareholders' and other investors' complaints and grievances. The SRC considers and resolves the grievances of the equity Shareholders of the Company, including complaints related to transfer of equity shares, non-receipt of annual report, non-receipt of declared dividends etc. Additionally, it is responsible to perform any other function 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 whose designated

e-mail address for investor complaints is ketan.kulkarni@idfc.com. All complaints received during the year have been redressed to the satisfaction of the Shareholders and none of them were pending as at the end of FY17.

Details of queries and grievances received and attended by the Company during FY17 are given in **Table 5**.

E. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

As on March 31, 2017, the Corporate Social Responsibility ("CSR") Committee consists of three Directors, Mr. Vikram Limaye as the Chairperson and Mr. S. S. Kohli & Mr. Donald Peck as its Members. The quorum of the meeting is two Members. During the year one meeting was held on April 29, 2016.

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. A copy of the said CSR policy is placed on the website of the Company: www.idfc.com. Details of the CSR contribution made by IDFC during the year are given as **Annexure 5** to the Board's Report.

PARTICULARS	AMOUNT IN ₹
Fixed Remuneration for Member of the Board	700,000
Chairperson of the Board	700,000
Chairperson of the Audit Committee	200,000
Chairperson of Other Committees	100,000
Member of the Audit Committee	100,000
Member of Other Committees	50,000
Variable remuneration (Depending on attendance at Board Meetings)	300,000

F. INVESTMENT COMMITTEE

The Investment Committee ("IC") comprises of four Members, namely Mr. Vinod Rai as the Chairperson and Mr. S. S. Kohli, Mr. Donald Peck & Mr. Vikram Limaye as its Members. Post demerger, IDFC is registered with the RBI as an NBFC - 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.

SEPARATE MEETING OF INDEPENDENT DIRECTORS

The IDs of the Company met on April 29, 2016 without the presence of the Non-Independent Directors and senior management team of the Company.

All IDs attended the meeting and discussed the matters as required under the relevant provisions of the Act and the SEBI LODR Regulations.

In addition to the said formal meeting, interactions outside the Board meetings also take place between the Chairperson and IDs.

BOARD EVALUATION

The Act and SEBI LODR Regulations contain broad provisions on Board Evaluation i.e. evaluation of the performance of: (i) the Board as a whole, (ii) individual Directors (including ID and Chairperson) and (iii) various Committees of the Board. The provisions also specify responsibilities of various persons /

committees for conducting such evaluation and certain disclosures are also required to be made as a part of the listed entity's corporate governance obligations.

SEBI, vide its circular dated January 5, 2017 had provided a guidance note covering all major aspects of evaluation which would serve as a guide for listed entities and may be adopted by them if considered appropriate.

Accordingly, a detailed questionnaire was prepared and circulated to the Board for Annual evaluation. The Directors discussed and requested for some changes.

The Company is in the process of designing a simplified Questionnaire based on the inputs / views from some of the IDs that would cover the essence of evaluation. The said process is expected to be completed in due course of time.

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 were made at the Board Meetings, on business and performance updates of the Company and its subsidiaries, global business environment, business strategy and associated risks, roles, rights and responsibilities of IDs. Details of the same are given on the website of the Company: www.idfc.com.

CODE OF CONDUCT

Code of Conduct for all Directors and designated Senior Management Personnel ("SMP")["Code"] is in place and the said 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 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 Sections 149(6) and 149(7) of the Act.

CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

The Company has adopted the Code of Conduct for Prevention of Insider Trading 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

NAME OF THE DIRECTOR	DIN	SITTING FEES	SALARY & PERQUISITES	CONTRIBUTION TO PROVIDENT AND OTHER FUNDS	COMMISSION FOR FY16 PAID IN FY17	PAID DURING FY17 TOTAL
Mr. Vinod Rai	01119922	925,000	-	-	1,354,167	2,279,167
Mr. Gautam Kaji	02333127	775,000	-	-	1,250,000	2,025,000
Mr. S. S. Kohli	00169907	775,000	-	-	1,287,500	2,062,500
Mr. Donald Peck	00140734	575,000	-	-	1,204,167	1,779,167
Ms. Marianne Økland	03581266	700,000	-	-	1,408,333	2,108,333
Mr. Chintamani Bhagat	07282200	450,000	-	-	391,667	841,667
Mr. Manish Kumar	07379535	-	-	-	-	-
Mr. Soumyajit Ghosh	07698741	-	-	-	-	-
Mr. Vikram Limaye	00488534	-	34,683,259	1,951,680	-	36,634,939
Dr. Omkar Goswami	00004258	-	-	-	575,000	575,000
Late Mr. S.H. Khan	00006170	-	-	-	625,000	625,000
Mr. Joseph Dominic Silva	06388807	-	-	-	733,333	733,333
Mrs. Snehlata Shrivastava	06478173	-	-	-	-	-

1. Mr. Manish Kumar and Mr. Soumyajit Ghosh were appointed with effect from January 11, 2017.
2. During FY17, Mr. Vikram Limaye was paid bonus of ₹ 1.75 crore for FY16 and he has been granted 3,415,279 stock options under IDFC ESOS Scheme. The stock options granted to 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 4 years from the date of vesting. Options were granted at 'market price' as defined under SEBI (Share Based Employee Benefits, Regulations 2014).
3. Mr. Vikram Limaye has tendered his resignation as Managing Director & CEO of the Company w.e.f. July 15, 2017.
4. Dr. Omkar Goswami resigned from the Board with effect from August 6, 2015.
5. Late Mr. S.H. Khan resigned from the Board with effect from August 10, 2015.
6. Mr. Joseph Dominic Silva resigned from the Board with effect from October 31, 2015.
7. Mrs. Snehlata Shrivastava resigned from the Board with effect from November 29, 2016.

APPOINTMENT / REAPPOINTMENT / RESIGNATION OF DIRECTORS

In accordance with the Articles of Association of the Company and pursuant to the provisions of Section 152 of the Act, Mr. Chintamani Bhagat would retire by rotation at the ensuing AGM and being eligible, offers himself for reappointment.

Mrs. Snehlata Shrivastava, the Nominee Director on the Board of the Company, representing the Ministry of Finance, Government of India resigned from the office of Director with effect from November 29, 2016. The Board placed on record its gratitude for the contributions made by Mrs. Snehlata Shrivastava during her tenure.

Based on the recommendation of the NRC, the Board approved the appointment of Mr. Soumyajit Ghosh & Mr. Manish Kumar as Additional Directors in the category of Nominee Directors, representing the Ministry

of Finance, Government of India w.e.f. January 11, 2017, in place of Mrs. Snehlata Shrivastava. Their appointment is up to the conclusion of the ensuing AGM. Accordingly, the approval of Shareholders is sought for their appointment at the ensuing AGM. Notices pursuant to Section 160 of the Act, have been received from the Members proposing appointment of Mr. Soumyajit Ghosh & Mr. Manish Kumar as Directors of your Company.

In March, 2015, the Shareholders of the Company had appointed Mr. S. S. Kohli and Ms. Marianne Økland as IDs by passing Ordinary Resolutions by way of Postal Ballot. Both Mr. Kohli and Ms. Økland hold office till the conclusion of the ensuing AGM. The NRC and the Board at their respective meetings held on April 28, 2017, approved their reappointment as IDs for a period of two years to hold office till the conclusion of 22nd AGM of the Company to be held for FY19.

The above reappointments are subject to the approval of the Shareholders of the Company at the ensuing AGM by way of a Special Resolution.

The Board of Directors of National Stock Exchange of India Limited ("NSE") at its meeting held in January 2017 selected Mr. Vikram Limaye as Managing Director & CEO of NSE, subject to approval of SEBI and Shareholders of NSE. The Shareholders of NSE accorded their approval in March 2017 and in June 2017, SEBI granted conditional approval for the said appointment of Mr. Limaye, subject to he being relieved from the Committee of Administrators of the Board of Control for Cricket in India ("BCCI"). The said appointment of Mr. Limaye on the Committee of Administrators of the BCCI was as per the Order passed by the Hon'ble Supreme Court of India in January 2017. The Hon'ble Supreme Court will reopen after vacation in first week of July 2017

SR. NO.	NATURE OF COMPLAINT	PENDING AS ON APRIL 1, 2016	RECEIVED DURING THE YEAR	ATTENDED DURING THE YEAR	PENDING AS ON MARCH 31, 2017
1.	Non-receipt of Dividend	NIL	173	173	NIL
2.	Non-receipt of Annual Report	NIL	216	216	NIL
3.	Complaints received from:				
	- SEBI	NIL	4	4	NIL
	- Stock Exchange	NIL	1	1	NIL
4.	Non-receipt of Refund	NIL	-	-	NIL
5.	Non-receipt of Electronic Credit(s)	NIL	1	1	NIL
6.	Non Receipt of securities	NIL	5	5	NIL

and it is expected that it would grant its approval for relieving him by July 14, 2017. In view of the same, Mr. Vikram Limaye has tendered his resignation from the Board of IDFC as Managing Director & CEO with effect from July 15, 2017.

The Board of Directors of IDFC at its meeting held on June 24, 2017 took note of the resignation of Mr. Vikram Limaye as Managing Director & CEO of the Company. Mr. Vikram Limaye has been associated with IDFC since 2005. He joined the Board of IDFC as a Whole-time Director in 2008 and took over the post of Managing Director & CEO of the Company in May 2013. He was pivotal in the growth and development of various business verticals of IDFC Group, including Mutual Fund, Institutional Equity, Investment Banking, Alternatives Business, etc. and was also instrumental in establishing the IDFC Brand. He also played a very vital role in setting up of IDFC Bank. The Company places on record its gratitude for the immense contribution made by Mr. Limaye during his tenure with IDFC Group.

The Board of the Company had earlier met in February 2017 to discuss about the probable candidate in place of Mr. Vikram Limaye to be appointed as Managing Director & CEO of the Company. After taking into consideration the views of all the Directors, the Board was of the opinion that an internal candidate who is well conversant not only with the existing

businesses but also with the people, policies, procedures and work culture would be a better choice to avoid any incoherence. Accordingly, the NRC and the Board, at their meetings held on June 24, 2017, recommended the appointment of Mr. Sunil Kakar, who is currently Chief Financial Officer (“CFO”) of IDFC Bank, as the Managing Director & CEO of IDFC for a period of three years with effect from July 16, 2017. The appointment is subject to the approval of the Shareholders, on the terms and conditions as set out in the Notice of ensuing AGM circulated along with this Report. Mr. Kakar was the former CFO of IDFC, before setting up of IDFC Bank and is well acquainted with the group and subsidiary businesses. A brief profile of Mr. Kakar is set out in the Exhibit to Notice of the ensuing AGM. Consequently, Mr. Kakar would resign as CFO of IDFC Bank.

The Board recommends appointment of Mr. Sunil Kakar as Managing Director & CEO of the Company.

The Board recommends all the above appointment / reappointment. Brief profiles of the Directors getting appointed / reappointed are given in the Exhibit to the Notice of the AGM.

CEO AND CFO CERTIFICATION

Certification from the Managing Director & CEO and CFO on the financial statements and internal controls relating to financial reporting for FY17 is enclosed at the end of this chapter.

GENERAL BODY MEETINGS

ANNUAL AND EXTRA-ORDINARY GENERAL MEETINGS OF SHAREHOLDERS

Table 6 gives details of AGMs held during last three years.

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

SHAREHOLDERS

SPECIAL RESOLUTIONS SOUGHT TO BE PASSED AT THE ENSUING AGM

IDFC seeks the approval of Shareholders of the Company by way of Special Resolution for

- (i) reappointment of Mr. S. S. Kohli as an ID of the Company
- (ii) reappointment of Ms. Marianne Økland as an ID of the Company and
- (iii) Offer and Issue of Non-Convertible Securities through Private Placement.

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

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

FINANCIAL YEAR	LOCATION OF THE MEETING	DATE	TIME	SPECIAL RESOLUTIONS PASSED WITH REQUISITE MAJORITY
FY14	The Music Academy, New No. 168 (Old No. 306), T.T.K. Road, Royapettah, Chennai 600 014.	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
FY16	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.	July 27, 2016	2.00 p.m.	i. Reappointment of Mr. Donald Peck as an Independent Director ii. Approval of the Borrowing Limits of the Company including Issue of Non-Convertible Securities under Private Placement.

Notes:

- 1 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 vide Notice dated December 23, 2013.
- 2 The Shareholders approved the IDFC Employee Stock Option Scheme, 2016 and grant of stock options to the Eligible Employees / Directors of the Company under the Scheme by passing a Special Resolution by way of Postal Ballot vide Notice dated May 20, 2016.
- 3 The Shareholders approved the IDFC Employee Stock Option Scheme, 2016 and grant of stock options to the Eligible Employees / Directors of the Company's subsidiaries (Present & Future) under the Scheme by passing a Special Resolution by way of Postal Ballot vide Notice dated May 20, 2016.

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. NSE and BSE Limited (“BSE”). 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.

DISCLOSURES**RELATED PARTY DISCLOSURES**

During FY17, 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 are 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, as of March 31, 2017, the Company has two material subsidiaries—IDFC Financial Holding Company Limited (Unlisted) and IDFC Bank Limited (Listed). Further, as per Regulation 24(1) IDFC has nominated its ID on the board of IDFC Financial Holding Company Limited. Consequent upon resignation of Mr. Vikram Limaye and appointment of Mr. Sunil Kakar as Managing Director & CEO of the Company, Mr. Kakar has been nominated on the Board of IDFC Bank. A Policy for determining 'material' subsidiaries is placed on

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IDFC'S STOCK EXCHANGE CODES FOR EQUITY SHARES

NAME & ADDRESS 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

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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 2016-17.	NIL	NIL
Number of Shareholders to whom shares were transferred from suspense account during the year 2016-17.	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, 2017	100	28,453

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. Further, the Company did not have any foreign currency exposure.

POSTAL BALLOT

The Company may seek to pass Special Resolution(s) in FY18 through Postal Ballot, as and when required, subject to applicable Act and Rules.

During FY17, the approval of the Shareholders was sought by way of Postal Ballot vide Notice dated May

20, 2016, in respect of the following Special Resolutions:

- 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);
- approval of IDFC Employee Stock Option Scheme, 2016 ("the Scheme") in compliance with amended SEBI (Share Based Employee Benefits) Regulations, 2014, and grant of stock options to the Eligible Employees / Directors of the Company and
- grant of stock options to the Eligible Employees / Directors of the Company's subsidiaries (present and future) under the Scheme.

The Company had provided its Shareholders the facility to exercise their right to vote on the postal ballot through the Electronic Voting on all the resolutions as set out in the Notice



ANNUAL GENERAL MEETING

DATE & TIME

**Friday, July 28, 2017
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.

of the Postal Ballot. The Company had engaged the services of Karvy Computershare Private Limited to provide the e-voting facility.

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.

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 Chairperson of the Audit Committee in exceptional cases. The Audit Committee oversee 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 prescribed under 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.

CHART A IDFC VS NIFTY IN PERCENTAGE

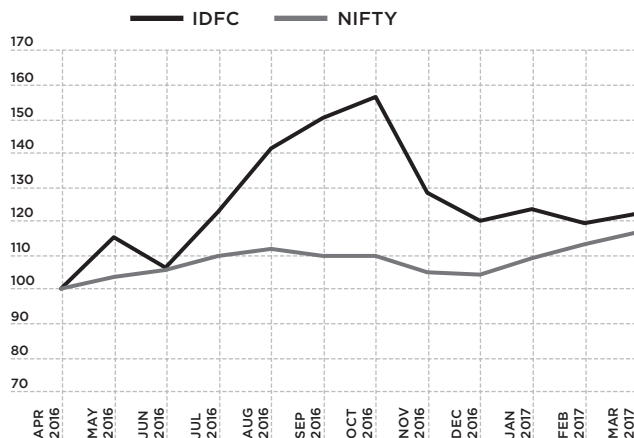
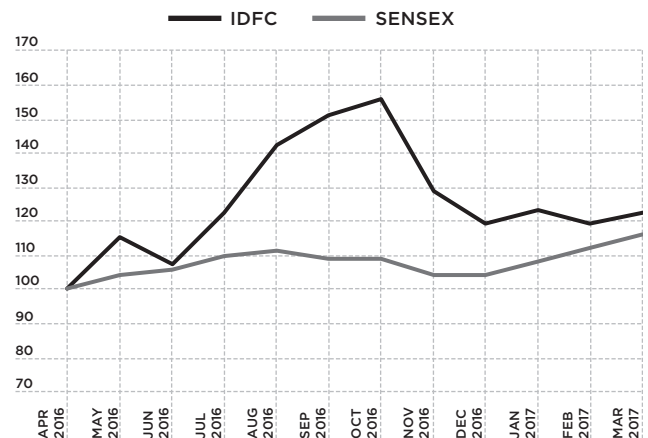


CHART B IDFC VS SENSEX IN PERCENTAGE



09 HIGH, LOW AND VOLUMES OF IDFC'S EQUITY SHARES

	NSE			BSE		
	HIGH	LOW	VOLUME	HIGH	LOW	VOLUME
April 2016	47.00	39.55	95,125,499	46.60	39.55	9,071,154
May 2016	53.50	41.55	126,984,501	53.50	41.60	19,048,550
June 2016	52.35	46.65	98,484,811	52.35	46.60	21,902,108
July 2016	55.75	47.80	126,008,228	55.75	47.55	19,215,363
August 2016	64.85	53.10	165,047,547	65.00	53.20	18,469,932
September 2016	70.45	58.90	166,033,298	70.45	58.70	22,858,577
October 2016	71.30	65.40	108,624,940	71.20	65.50	11,495,692
November 2016	69.85	53.45	88,820,994	69.90	53.50	16,160,877
December 2016	58.80	50.20	110,870,372	58.80	50.20	9,094,920
January 2017	60.55	53.50	113,813,549	60.50	53.60	10,799,973
February 2017	57.95	51.95	112,383,123	57.95	52.05	16,929,352
March 2017	56.20	50.65	211,673,104	56.25	50.80	37,751,356

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

ADOPTION OF NON-MANDATORY REQUIREMENTS

SEPARATE POSTS OF CHAIRPERSON AND CEO

The Company has complied with the requirement of having separate persons for the posts of Chairperson and Managing Director & CEO. Mr. Vinod Rai is the Independent Non-Executive Chairperson 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 AUDITORS

The Internal Auditors present their reports directly to the Audit Committee.

MANAGEMENT DISCUSSION AND ANALYSIS

Pursuant to Regulation 34(2)(e) of SEBI LODR Regulations, the Annual Report has a separate chapter titled Management Discussion & Analysis.

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IDFC'S DISTRIBUTION OF SHAREHOLDING PATTERN BY SIZE AS ON MARCH 31, 2017

CATEGORY (SHARES)	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF SHARES
1-5000	460,825	98.53	156,141,040	9.79
5001-10000	3,638	0.78	27,017,922	1.69
10001-20000	1,604	0.34	22,962,485	1.44
20001-30000	470	0.10	11,848,282	0.74
30001-40000	220	0.05	7,694,669	0.48
40001-50000	136	0.03	6,227,107	0.39
50001-100000	315	0.07	22,629,310	1.42
100001 & Above	494	0.10	1,341,420,755	84.05
TOTAL	467,702	100.00	1,595,941,570	100.00

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IDFC'S EQUITY SHAREHOLDING PATTERN BY OWNERSHIP AS ON MARCH 31, 2017

SR. NO.	CATEGORY OF SHAREHOLDER	NO. OF EQUITY SHARES (FACE VALUE OF ₹ 10 EACH)	% OF SHARES
	PROMOTERS HOLDING	Not Applicable	
	NON-PROMOTERS HOLDING		
i.	President of India	261,400,000	16.38
ii.	Banks, Financial institutions, Insurance Companies (Central / State Government Institutions / Non-Government Institutions)	64,070,338	4.01
iii.	Foreign Institutional Investors (FIIs)	612,625,873	38.39
iv.	Foreign Direct Investment (FDI)	4,436,433	0.28
v.	Mutual Funds / Alternate Investment Funds	220,729,497	13.83
vi.	Private Corporate Bodies	73,074,983	4.58
vii.	Indian Public	295,067,701	18.49
viii.	NRIs / OCBs / Foreign Nationals	15,326,426	0.96
ix.	Any other	-	-
x.	Clearing members	18,191,435	1.14
xi.	Trusts	18,277,715	1.14
xii.	HUFs	11,818,905	0.74
xiii.	NBFCs	922,264	0.06
	GRAND TOTAL	1,595,941,570	100.00

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 of the Act. The financial statements have been prepared on the accrual basis under the historical cost convention.

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.

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- 6716 2222
Fax: +91 40- 2342 0814
E-mail: einward.ris@karvy.com

THE COMPANY SECRETARY

Mr. Ketan S. Kulkarni
IDFC Limited
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*

IDFC Limited
KRM Tower, 7th Floor,
No. 1, Harrington Road,
Chetpet, Chennai 600 031
Tel: +91 44 4564 4000
Fax: +91 44 4564 4022

*With effect from April 1, 2017 the registered office of the Company was shifted from KRM Tower, 8th Floor, No. 1 Harrington Road, Chetpet, Chennai 600 031, Tamil Nadu, India to KRM Tower, 7th Floor, No. 1 Harrington Road, Chetpet, Chennai 600 031, Tamil Nadu, India.

12 TOP 10 EQUITY SHAREHOLDERS OF THE COMPANY AS ON MARCH 31, 2017

NAME	SHARES	% TO EQUITY
President of India	261,400,000	16.38
Sipadan Investments (Mauritius) Limited	151,145,989	9.47
First state investments ICVC - Stewart Investors as IA Pacific Leaders Fund	94,016,080	5.89
Orbis Sicav Emerging Markets Equity Fund	50,780,947	3.18
Ashish Dhawan	41,844,470	2.62
East Bridge Capital Master Fund Limited	38,845,294	2.43
ICICI Prudential Balanced Fund	22,429,326	1.41
Platinum Asia Fund	21,998,600	1.38
Orbis Global Equity Fund Ltd	17,919,198	1.12
ICICI Prudential Dynamic Plan	16,969,637	1.06

13 DEMATERIALISATION OF SHARES AS ON MARCH 31, 2017

CATEGORY	NO. OF SHARES	%
Physical	32,697	β
NSDL	1,511,982,574	94.74
CDSL	83,926,299	5.26
TOTAL	1,595,941,570	100.00

14 STATUS OF UNCLAIMED DIVIDEND AS ON MARCH 31, 2017

PARTICULARS	UNCLAIMED DIVIDEND (₹)	DATE OF DECLARATION OF THE DIVIDEND	LAST DATE FOR CLAIMING DIVIDEND
2009-10	2,109,205	June 28, 2010	July 31, 2017
2010-11	3,248,954	July 27, 2011	August 29, 2018
2011-12	4,745,203	July 9, 2012	August 12, 2019
2012-13	4,127,763	July 29, 2013	August 29, 2020
2013-14	4,813,643	July 29, 2014	September 2, 2021
2014-15	4,318,428	July 30, 2015	September 3, 2022

GENERAL SHAREHOLDER INFORMATION

FINANCIAL CALENDAR

Financial year-April 1, 2016 to March 31, 2017

For the year ended March 31, 2017, results were announced on:

- July 26, 2016 for the first quarter.
- October 28, 2016 for the second quarter and half year.
- January 31, 2017 for the third quarter.
- April 28, 2017 for the fourth quarter and annual.

For the year ending March 31, 2018, results will be announced latest by:

- Second week of August, 2017 for the first quarter.
- Second week of November, 2017 for the second quarter and half year.
- Second week of February, 2018 for the third quarter.
- Last week of May, 2018 for the fourth quarter and annual.

DIVIDEND

A Final Dividend of ₹ 0.25 per equity share will be paid after July 28, 2017, subject to approval by Shareholders at the ensuing AGM. The Register of Members will be closed from Saturday, July 22, 2017 to Friday, July 28, 2017 (both days inclusive) for the purpose of payment of dividend.

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 7**. The annual listing fees for FY18 have been paid.

STOCK PRICES

Table 9 gives details of the stock market prices of IDFC's shares. 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 shareholding pattern by ownership along with Top 10 equity Shareholders of the Company as on March 31, 2017 are given in **Table 10**, **Table 11** and **Table 12**, respectively.

DEMATERIALISATION 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, 2017, approximately 99.99% shares of IDFC were held in dematerialised form. **Table 13** 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 124 and 125 of the Act, any dividend which remains unclaimed / unpaid for a period of seven years from the date of transfer to the unpaid dividend account is required to be transferred to Investor Education and Protection Fund ("IEPF") established by the Central Government. After such a transfer, no claim shall lie against the Company however, the investor can claim the unpaid dividend from the IEPF Authority.

Unclaimed / Unpaid dividends for and up to FY09 have already been transferred to IEPF. The unpaid dividend amount pertaining to FY10 will be transferred to IEPF during this year. Hence, Shareholders who have not yet encashed their dividend warrant(s) pertaining to dividend for FY10 are requested to make their claims on or before July 31, 2017 to IDFC or Karvy Computershare Private Limited.

Pursuant to the applicable provisions of the Act, it is clarified that claims in respect of dividend amounts that have remained unclaimed / unpaid beyond a period of seven years from the date of payment shall be made to IEPF. Once the unclaimed amount is transferred to IEPF, no claims shall lie against the Company in respect thereof.

The status of dividend remaining unclaimed is given in **Table 14**.

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 27, 2016 (date of last AGM) on the Company's website: www.idfc.com and on MCA website.

TRANSFER OF SHARES TO IEPF

MCA has notified the IEPF Authority (Accounting, Audit, Transfer & Refund) Rules, 2016 and the amendments thereto ("the Rules").

As per the Rules, all the shares in respect of which dividend has remained unpaid / unclaimed by the Shareholders for a period of seven consecutive years or more shall be transferred in the name of IEPF. The Company had already sent communication to the Shareholders in December 2016 and April 2017 requesting them to claim the dividend, in order to avoid their shares getting transferred to IEPF. Accordingly, Shareholders who have not claimed the dividend since FY10, are requested to contact Karvy Computershare Private Limited and submit requisite documents, failing which the Company will be constrained to transfer the shares to IEPF as per the Rules.

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 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 is received after proper verification. However, during the year ended March 31, 2017, the Company has not received any request for claiming these shares. Details of shares lying in the 'Unclaimed Suspense Account' as on March 31, 2017 are given in **Table 8**. The voting rights on the shares held in the said unclaimed suspense account shall remain frozen till the rightful owner claims the shares. These shares will be transfer to IEPF as per the direction of MCA.

SHARE TRANSFER SYSTEM

IDFC has appointed Karvy Computershare Private Limited 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 day's notice to the seller for confirmation of the sale. IDFC has a Stakeholders' Relationship Committee for monitoring redressing of Shareholders' complaints regarding securities issued by IDFC from time to time.

As required under Regulation 40(9) of SEBI LODR Regulations, 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 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.