



January 14, 2015

The Manager – Listing Department
National Stock Exchange of India Limited
Bandra Kurla Complex, 5th Floor
Bandra (E)
Mumbai - 400051

The Manager – Listing Department
BSE Limited
2nd Floor, P.J. Towers,
Dalal Street
Mumbai - 400 001

Dear Sirs,

Quarterly Compliance Report on Corporate Governance

This is with reference to the SEBI circular CIR/CFD/POLICY CELL/2/2014 dated April 7, 2014 (as amended from time to time) regarding Corporate Governance in listed entities under Clause 49 of the Listing Agreement. We are enclosing herewith the Quarterly Compliance Report on Corporate Governance for the quarter ended December 31, 2014 as per prescribed revised format.

Kindly acknowledge receipt. If you need any further details please let us know.

Thanking you,

Yours faithfully,
For IDFC Limited

A handwritten signature in blue ink, appearing to read 'Mahendra N. Shah'.

Mahendra N. Shah
Company Secretary





Format of Quarterly Compliance Report on Corporate Governance

Name of the Company: IDFC Limited (“the Company” or “IDFC”)

Compliance Status as December 31, 2014

Particulars	Clause of Listing agreement	Compliance Status Yes/No	Remarks																																	
II. Board of Directors	49 (II)																																			
(A) Composition of Board	49 (IIA)	Yes	<p>Composition of IDFC’s Board complies with this Clause.</p> <p>Presently, the Board of Directors of the Company comprises of the following –</p> <table border="1"> <thead> <tr> <th>Sr. No</th> <th>Name of the Director</th> <th>Designation</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Dr. Rajiv B. Lall</td> <td>Executive Chairman</td> </tr> <tr> <td>2</td> <td>Ms. Snehlata Shrivastava</td> <td>Nominee Director</td> </tr> <tr> <td>3</td> <td>Mr. Joseph Dominic Silva</td> <td>Nominee Director</td> </tr> <tr> <td>4</td> <td>Mr. S. S. Kohli</td> <td>Independent Director</td> </tr> <tr> <td>5</td> <td>Mr. Donald Peck</td> <td>Independent Director</td> </tr> <tr> <td>6</td> <td>Mr. S. H. Khan</td> <td>Independent Director</td> </tr> <tr> <td>7</td> <td>Mr. Gautam Kaji</td> <td>Independent Director</td> </tr> <tr> <td>8</td> <td>Dr. Omkar Goswami</td> <td>Independent Director</td> </tr> <tr> <td>9</td> <td>Ms. Marianne Økland</td> <td>Independent Director</td> </tr> <tr> <td>10</td> <td>Mr. Vikram Limaye</td> <td>Managing Director & CEO</td> </tr> </tbody> </table> <p>The Board of the Company has an optimum combination of executive and non-executive director. The Chairman of the Company is an Executive Director. Accordingly, at least one-half of the Board comprises of Independent Directors. IDFC currently has two women directors on the Board.</p>	Sr. No	Name of the Director	Designation	1	Dr. Rajiv B. Lall	Executive Chairman	2	Ms. Snehlata Shrivastava	Nominee Director	3	Mr. Joseph Dominic Silva	Nominee Director	4	Mr. S. S. Kohli	Independent Director	5	Mr. Donald Peck	Independent Director	6	Mr. S. H. Khan	Independent Director	7	Mr. Gautam Kaji	Independent Director	8	Dr. Omkar Goswami	Independent Director	9	Ms. Marianne Økland	Independent Director	10	Mr. Vikram Limaye	Managing Director & CEO
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10	Mr. Vikram Limaye	Managing Director & CEO																																		
(B) Independent Directors	49 (IIB)	Yes	<p>IDFC is in compliance with the provisions of Clause 49 (IIB).</p> <p>A declaration of Independence alongwith the affirmation to the Code of Independent Directors as prescribed under Schedule IV of the Companies Act, 2013 has been</p>																																	





			<p>obtained from the Independent Directors. The Independent Directors on the Board of the Company comply with the requirements listed under this clause.</p> <p>Currently, none of the Independent Directors is serving on the Board of more than seven listed companies and not more than 3 companies, where he is serving as a Wholetime Director. The maximum tenure of IDs is in accordance with the Companies Act 2013 and clarifications issued by MCA from time to time. A formal letter of appointment to the IDs has been issued and the terms and conditions of appointment of IDs is disclosed on the website of the Co alongwith their respective profiles.</p> <p>The Nomination and Remuneration Committee (NRC) is in the process of laying down the evaluation criteria for performance evaluation of Independent Directors and appropriate disclosures shall be made in the Annual Report.</p> <p>The Independent Directors of IDFC will hold at least one meeting in a year, without the attendance of Non-Independent Directors and members of Management.</p> <p>The Company shall lay down mechanism to familiarize the IDs with their roles, rights, responsibilities etc through various programmes and the same shall be disclosed on the website and the Annual Report of the Company.</p>
(C) Non-executive Directors' compensation & disclosures	49 (IIC)	Yes	<p>The Non-Executive Directors (NEDs) are paid sitting fees for attending the Board/Committee Meetings within the limits prescribed under Companies Act, 2013 and Rules made thereunder. In addition to this, the NEDs are paid Commission within the parameters and upto the limits prescribed in the Statute and as approved by the Board / Shareholders. The compensation paid to NEDs by way of sitting fees and Commission is approved by the shareholders of the Company and the same is duly disclosed in the Corporate Governance Report of the Company. Further no Stock Options have been granted to any ID.</p>





(D) Other provisions as to Board and Committees	49 (IID)	Yes	<p>IDFC is in compliance with the provisions of Clause 49 (IID).</p> <p>The Board meets at least 4 times, with a maximum time gap of 120 days between two meetings.</p> <p>None of the Directors of the Company violates the provisions of this clause pertaining to the membership of Committees.</p> <p>The Board of the Company is in the process of putting in place a plan for orderly succession for appointments to the Board and Senior Management.</p>
(E) Code of Conduct	49 (IIE)	Yes	<p>IDFC has in place Code of Conduct for Directors & Senior Management Personnel (SMPs). A declaration to the effect that the Directors and SMPs comply with the said Code of Conduct is included in IDFC's Annual Report every year. This Code of Conduct is posted on the website of the Company. The Code of Conduct will be amended in due course to suitably incorporate the duties of Independent Directors as laid down in the Companies Act, 2013.</p>
(F) Whistle Blower Policy	49 (IIF)	Yes	<p>IDFC is in compliance with the provisions of Clause 49 (IIF).</p> <p>The Board of Directors of the Company at its meeting held on June 3, 2014 approved the Vigil Mechanism and amended the existing Whistle Blower Policy of the Company to bring it in line with the provisions of the Companies Act, 2013 and SEBI Corporate Governance Circular dated April 17, 2014 as amended from time to time. The details of the establishment of the mechanism are disclosed on the website of the Company www.idfc.com and will be disclosed in the Board's Report.</p>
III. Audit Committee	49 (III)		
(A) Qualified & Independent Audit Committee	49 (IIIA)	Yes	<p>IDFC has an independent Audit Committee comprising of five members, four of whom are Independent Directors and one Nominee Director. Mr. S. H. Khan, an Independent Director, acts as the Chairman</p>
(B) Meeting of Audit Committee	49 (IIIB)	Yes	
(C) Powers of Audit	49 (IIIC)	Yes	



Committee			
(D) Role of Audit Committee	49 (IIID)	Yes	of the Committee. All the members are financially literate and at least one member has accounting or financial management expertise. The CFO and the representatives of the Statutory Auditors and Internal Auditors are permanent invitees to the Audit Committee Meetings. The Company Secretary of the Company acts as the Secretary to the Audit Committee. IDFC's Audit Committee meets at least 4 times in a year and not more than 4 months have elapsed between two meetings. The quorum of the meeting is 3 members. The Terms of Reference (TOR) of Audit committee will be brought in line with the provisions of Clause 49(III) in due course of time.
(E) Review of Information by Audit Committee	49 (IIIE)	Yes	
IV. Nomination and Remuneration Committee	49 (IV)	Yes	<p>The Board of Directors of the Company at its meeting held on June 3, 2014 approved combining of the existing Nomination Committee & Compensation Committee so as to re-constitute a new Nomination and Remuneration Committee (NRC), in line with the provisions of the Companies Act, 2013 and SEBI Corporate Governance Circular dated April 17, 2014 as amended from time to time.</p> <p><u>NRC comprises of the following Directors -</u></p> <ol style="list-style-type: none"> 1. Dr. Omkar Goswami - Chairman (ID) 2. Dr. Rajiv B. Lall - Executive Director 3. Mr. Gautam Kaji - ID 4. Mr. Donald Peck - ID
V. Subsidiary Companies	49 (V)	Yes	<p><u>IDFC has the following 20 Subsidiary Companies:</u></p> <ol style="list-style-type: none"> 1. IDFC Alternatives Limited 2. <u>IDFC Project Equity Company Limited * (IDFC PE)</u> 3. IDFC Trustee Company Limited 4. IDFC Securities Limited 5. <u>IDFC Fund of Funds Limited***</u> 6. IDFC Capital (Singapore) Pte Limited 7. IDFC Securities Singapore Pte Limited 8. IDFC Capital (USA) Inc 9. <u>IDFC Asset Management Company Limited** (IDFC AMC)</u> 10. IDFC AMC Trustee Company Limited 11. <u>IDFC Investment Advisors Limited** (IDFC IA)</u> 12. IDFC Investment Managers (Mauritius) Limited



			<p>13. IDFC Projects Limited 14. IDFC Finance Limited 15. <u>IDFC Primary Dealership Company Limited*</u> (IDFC PD) 16. IDFC Foundation 17. <u>IDFC Housing Finance Company Limited*</u> (IDFC HFC) 18. IDFC Infra Debt Fund Limited 19. IDFC Bank Limited 20. IDFC Financial Holding Company Limited</p> <p><i>* An Application has been filed with High Court of Judicature at Mumbai for merger of IDFC PE, IDFC PD and IDFC HFC into IDFC Alternatives Limited.</i></p> <p><i>** An Application has been filed with High Court of Judicature at Mumbai for merger of IDFC IA into IDFC AMC.</i></p> <p><i>*** An application for winding up has been filed with the concerned Regulatory Authority.</i></p> <p>IDFC does not have any material non-listed Indian subsidiary company.</p> <p>The Audit Committee of IDFC reviews the financial statements of the unlisted subsidiary companies.</p> <p>The minutes and a statement of all significant transactions and arrangements entered into by subsidiary companies are placed before the Board of IDFC.</p> <p>The Company is in the process of formulating policy for determining 'material' subsidiaries, if any and such policy shall be disclosed to Stock Exchanges and in the Annual Report after its adoption.</p>
VI. Risk Management	49 (VI)	Yes	IDFC has in place mechanisms to inform the Board about its risk assessment and minimization procedures. This is done through Board-level Risk Committee which monitors and reviews risk management plan of the Company on a regular basis.
VII. Related Party Transactions	49 (VII)	Yes	The Company is in the process of formulating a policy on materiality of related party transactions and also on the manner of dealing with the Related Party



			Transactions.
VIII. Disclosures	49 (VIII)	Yes	
(A) Related party transactions	49 (VIII A)	Yes	IDFC will comply with the provisions of Clause 49 (VIII A). The policy on dealing with the related party transactions shall be disclosed on the website and in the Annual Report after its adoption. A statement containing material transactions entered into by the Company is marked as Annexure A to this report.
(B) Disclosure of Accounting Treatment	49 (VIII B)	Yes	IDFC would comply with Clause 49 (VIII B) as and when it is applicable.
(C) Remuneration of Directors	49 (VIII C)	Yes	The details of remuneration of Directors are disclosed in the Annual Report as per the extant provisions of the Companies Act and Listing Agreement. IDFC is in compliance with the provisions of the proposed Clause 49 (VIII C) and will make the requisite disclosures in the Annual Report.
(D) Management	49 (VIII D)	Yes	Detailed chapter on Management Discussion and Analysis forms part of IDFC Annual Report every year. IDFC will obtain necessary disclosures from its senior management, as and when required. Code of Conduct for the Board of Directors and senior management is disclosed on the website of the Co.
(E) Shareholders	49 (VIII E)	Yes	IDFC is in compliance with the requirement contained under this head. The Board of Directors of the Company at its meeting held on April 25, 2014 renamed the existing Investor Grievance Committee to Stakeholders Relationship Committee of the Company in accordance with the provisions of Clause 49 (VIII E). The Share Allotment/Transfer Committee of the Company attends to the share transfer formalities on fortnightly basis.
(F) Proceeds from public issues, rights issue, preferential issues, etc	49 (VIII F)	Yes	IDFC will be in compliance with the provisions of Clause 49 (VIII F) as and when the monies are raised through any issue.





IX. CEO/CFO Certification	49 (IX)	Yes	CEO & CFO certification forms part of the Corporate Governance Report of IDFC Annual Report every year.
X. Report on Corporate Governance	49 (X)	Yes	The Annual Report of the Company contains a chapter on Corporate Governance and all requisite disclosures are made.
XI. Compliance	49 (XI)	Yes	IDFC is in compliance with the provisions of Clause 49 (XI).

For IDFC Limited

Mahendra N Shah
Company Secretary & Compliance Officer





Annexure A

Name of the related party	Particulars	Amount (In crore)
IDFC Primary Dealership Company Limited*	Inter Corporate Deposit given and repaid during the financial year	₹ 1023 crore

*The said transaction is in the nature of ordinary course of business and at arm's length basis.

