



BOARD'S REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Twentieth Annual Report on the business and operations of the Company together with the audited financial statements for the financial year ended March 31, 2017.

OPERATIONS REVIEW

During FY16, your Company transferred its financing undertaking into IDFC Bank Limited ("IDFC Bank") effective October 1, 2015, post receipt of approval from Hon'ble High Court of Madras to demerger scheme and on fulfilment of all conditions mentioned in the demerger scheme and receipt of Universal Banking License by IDFC Bank.

From October 1, 2015, your Company is operating as NBFC - Investment Company, mainly holding investment in IDFC Financial Holding Company Limited ("IDFC FHCL") (Non Operative Financial Holding Company), which in turn holds investments in IDFC Bank, IDFC Asset Management Company Limited, IDFC Alternatives Limited, IDFC Securities Limited and IDFC Infrastructure Finance Limited (formerly IDFC Infra Debt Fund Limited).

During the year under review, IDFC Limited ("IDFC" or "the Company") infused additional equity in IDFC FHCL which has been dealt with in detail in the paragraph on Subsidiary companies.

Balance sheet size increased from ₹ 9,620 crore as at March 31, 2016 to ₹ 9,878 crore as at March 31, 2017. Profit After Tax for the year was ₹ 55.75 crore as compared to loss of ₹ 1,162.14 crore in previous year ended March 31, 2016. Net worth of the Company as at March 31, 2017 was ₹ 9,650 crore as compared to ₹ 9,589 crore as at March 31, 2016.

During the year, the Company transferred ₹ 11.20 crore to Special Reserve under section 45-IC of the Reserve Bank of India Act, 1934. The details of amount transferred to reserves are given in note no. 5 of the notes forming part of standalone financial statements.

Details of business overview and outlook of the Company and its subsidiaries are appearing in the chapter Management Discussion and Analysis which forms part of this Annual Report.

SR. NO.	NAME OF THE SUBSIDIARY	DIRECT / INDIRECT SUBSIDIARY	% OF SHAREHOLDING
Domestic Subsidiaries			
i.	IDFC Financial Holding Company Limited	Direct Subsidiary	100
ii.	IDFC Foundation (a Company within the meaning of Section 8 of the Act)	Direct Subsidiary	100
iii.	IDFC Projects Limited	Direct Subsidiary	100
iv.	IDFC Bank Limited	Indirect Subsidiary through IDFC FHCL	52.88
v.	IDFC Bharat Limited (Formerly known as Grama Vidiyal Micro Finance Limited)	Indirect Subsidiary through IDFC Bank	52.88
vi.	IDFC Infrastructure Finance Limited (Formerly known as IDFC Infra Debt Fund Limited)	Indirect Subsidiary through IDFC FHCL	81.48
vii.	IDFC Alternatives Limited	Indirect Subsidiary through IDFC FHCL	100
viii.	IDFC Trustee Company Limited	Indirect Subsidiary through IDFC FHCL	100
ix.	IDFC Securities Limited	Indirect Subsidiary through IDFC FHCL	100
x.	IDFC Asset Management Company Limited	Indirect Subsidiary through IDFC FHCL	100
xi.	IDFC AMC Trustee Company Limited	Indirect Subsidiary through IDFC FHCL	100
Foreign Subsidiaries			
i.	IDFC Capital (Singapore) Pte. Limited	Indirect Subsidiary through IDFC Alternatives	100
ii.	IDFC Securities Singapore Pte. Limited	Indirect Subsidiary through IDFC Securities	100
iii.	IDFC Capital (USA) Inc.	Indirect Subsidiary through IDFC Securities	100
iv.	IDFC Investment Managers (Mauritius) Ltd.	Indirect Subsidiary through IDFC AMC	100

DIVIDEND

Your Directors are pleased to recommend a dividend of ₹ 0.25 per equity share of ₹ 10 each (i.e. 2.5%) for the year ended March 31, 2017.

The Register of Members and Share Transfer Books will remain closed from July 22, 2017 to July 28, 2017 (both days inclusive) for the purpose of payment of dividend for the financial year ended March 31, 2017.

Dividend will be paid to those Members whose names appear in the Register of Members as on July 21, 2017. In respect of shares held in dematerialised form, it will be paid to those Shareholders whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited, as beneficial owners as on that date.

Above dividend would be paid subject to approval by the Shareholders at the ensuing Annual General Meeting ("AGM").

DIVIDEND DISTRIBUTION POLICY

In accordance with the Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations"), IDFC has formulated a Dividend Distribution Policy. The policy was adopted to set out the parameters and circumstances that will be taken into account by the Board in determining the distribution of dividend to its Shareholders and / or retaining profits earned by the Company. The said policy is hosted on the website of the Company and can be viewed at http://www.idfc.com/investor_relations/corporate_governance_policies.htm.

SUBSIDIARY COMPANIES

The Company has eleven domestic direct / indirect subsidiaries and four foreign indirect subsidiaries, as on March 31, 2017, details of which are given in **Table 1**.

During the year under review, the following changes took place in the group corporate structure of your Company:

1. Merger of IDFC Finance Limited with IDFC Projects Limited

A petition was filed with the Hon'ble High Court of Judicature at Bombay on July 1, 2016 for the merger of IDFC Finance Limited with IDFC Projects Limited, which was approved by the Hon'ble High Court vide its Order dated November 18, 2016.

The said merger became effective from April 1, 2016.

2. Acquisition of Stake in IDFC Bharat Limited by IDFC Bank

On October 13, 2016, IDFC Bank acquired 100% equity stake of Grama Vidiyal Micro Finance Limited (now renamed as IDFC Bharat Limited) making it a wholly owned subsidiary of IDFC Bank.

In view of the acquisition, IDFC Bharat Limited ("IDFC Bharat") surrendered its NBFC-MFI Licence issued by the Reserve Bank of India

("RBI") and has discontinued its micro finance business. IDFC Bharat is presently acting as a Business Correspondent to IDFC Bank for distribution of the products of IDFC Bank.

3. Acquisition of Stake of Natixis Global Asset Management in IDFC Asset Management Company Limited ("IDFC AMC") and IDFC AMC Trustee Company Limited ("IDFC AMC Trustee")

IDFC FHCL, wholly owned subsidiary of IDFC held approximately 75% equity stake of IDFC AMC and IDFC AMC Trustee and the balance stake (approximately 25%) was held by Natixis Global Asset Management ("NGAM"). In March 2017, IDFC FHCL acquired the stake held by NGAM in both IDFC AMC and IDFC AMC Trustee, thereby making them its wholly owned subsidiaries.

To give effect to the aforesaid transaction with NGAM, IDFC infused funds in IDFC FHCL by subscribing to the equity shares of IDFC FHCL at par.

JOINT VENTURES

IDFC Foundation, a Section 8 Company within the meaning of the Companies Act, 2013 ("Act") and a wholly owned subsidiary of the Company has following three Joint Ventures:

- Delhi Integrated Multi-Modal Transit System Limited ("DIMTS")
- Infrastructure Development Corporation (Karnataka) Limited ("iDeCK")
- Uttarakhand Infrastructure Development Company Limited ("UDeC") - under liquidation

Additionally, iDeCK has one Joint Venture - Rail Infrastructure Development Company (Karnataka) Limited.

ASSOCIATES

IDFC Bank has two associate companies namely Feedback Infra

Private Limited and Millennium City Expressways Private Limited.

In addition, IDFC Projects Limited, a wholly owned subsidiary of the Company, has one associate company namely Jetpur Somnath Tollways Private Limited.

CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors of IDFC reviews the affairs of its subsidiary companies regularly. In accordance with the provisions of Section 129(3) of the Act, the Company has prepared Consolidated Financial Statements including requisite details of all the subsidiaries. Further, a statement containing the salient features of performance and financial positions of all the subsidiary companies / associates / joint ventures in the format AOC-I is appended as **Annexure 1**.

In accordance with Section 136 of the Act, the audited Financial Statements together with the Consolidated Financial Statements and related information of the Company and audited accounts of each subsidiary company are available on the website of the Company: www.idfc.com.

Detailed analysis of the performance of IDFC and its businesses, including initiatives in the areas of Risk Management, Human Resources and IDFC Foundation activities, has been presented in the section on Management Discussion & Analysis which forms part of this Annual Report.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

IDFC had 10 employees as on March 31, 2017 and 4,294 employees at the group level.

In terms of the provisions of Section 197(12) of the Act, read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of

Managerial Personnel) Rules, 2014, as amended from time to time, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules are provided in this Annual Report. Having regard to the provisions of the first proviso to Section 136(1) of the Act, the Annual Report excluding the aforesaid information is being sent to the Shareholders of the Company. The said information is available for inspection at the Registered Office and Corporate Office of the Company during working hours and any Member interested in obtaining such information may write to the Company Secretary and the same will be furnished on request.

Disclosure pertaining to remuneration & other details as required under section 197(12) of the Act, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended from time to time are appended as **Annexure 2**

SHARE CAPITAL UPDATE

During the year, the Company issued and allotted 1,920,902 Equity Shares to eligible employees of IDFC and its subsidiaries on exercise of options granted under Employee Stock Option Scheme 2016 ("IDFC ESOS - 2016"). As on March 31, 2017, the total paid up capital of IDFC was 1,595,941,570 equity shares of ₹ 10/- each.

EMPLOYEE STOCK OPTION SCHEME

Pursuant to the resolution passed by the Members through Postal Ballot dated June 25, 2016, IDFC introduced IDFC ESOS - 2016 to enable the employees of IDFC and its subsidiaries to participate in the future growth and financial success of the Company. The Scheme is in compliance with the SEBI

(Share Based Employee Benefits) Regulations, 2014.

All Options vest in graded manner and are required to be exercised within a specific period. The Company has used the intrinsic value method to account for the compensation cost of stock to employees of the Company. Intrinsic value is the amount by which the quoted market price of the underlying share on the date, prior to the date of the grant, exceeds the exercise price of the Option.

Disclosures as required under the SEBI (Share Based Employee Benefits) Regulations, 2014, are hosted on the Company's website: www.idfc.com which forms part of this Annual Report.

MANAGEMENT DISCUSSION & ANALYSIS AND REPORT ON CORPORATE GOVERNANCE

In compliance with the provisions of SEBI LODR Regulations, separate detailed chapters on Management Discussion & Analysis, Report on Corporate Governance and Additional Shareholder Information form part of this Annual Report.

BUSINESS RESPONSIBILITY REPORT

As per Regulation 34(2)(f) of SEBI LODR Regulations and Notifications issued from time to time, a separate report called Business Responsibility Report ("**BRR**") describing the initiatives taken by IDFC from an environmental, social and governance perspective is hosted on the Company's website: www.idfc.com which forms part of this Annual Report.

Any Member interested in obtaining a physical copy of the same may write to the Company Secretary of the Company by sending an e-mail on ketan.kulkarni@idfc.com.

PUBLIC DEPOSITS

During FY17, your Company has not accepted any deposits from the public within the meaning of the provisions of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998 or under Chapter V of the Act.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Post demerger of financing undertaking into IDFC Bank w.e.f. October 1, 2015, IDFC is registered with RBI as NBFC - Investment Company. Being an investment company, the provisions of Section 186 of the Act are not applicable to IDFC. Hence, the requisite details of loans, guarantees and investments are not given.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

IDFC has put in place a Whistle Blower Policy, which includes reporting to the Management instances of unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct. The Audit Committee directly oversees the Vigil Mechanism. The provisions of the policy are also in line with the provisions of Section 177 (9) & (10) of the Act.

The details of Vigil Mechanism are posted on the website of the Company: www.idfc.com

FOREIGN EXCHANGE

There were no foreign exchange earnings during the year. The particulars regarding foreign exchange expenditure are furnished at Item No. 26 in the Notes forming part of the Standalone Financial Statements.

PARTICULARS REGARDING CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

Since the Company does not carry out any manufacturing activity, the particulars regarding conservation of energy, technology absorption and other particulars as required by the Companies (Accounts) Rules, 2014 are not applicable.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

In accordance with the Articles of Association of the Company and pursuant to the provisions of Section 152 of the Act, Mr. Chintamani Bhagat (DIN: 07282200) would retire by rotation at the ensuing AGM and being eligible, offers himself for reappointment.

During the year, Mrs. Snehlata Shrivastava (DIN: 06478173) who was on the Board of the Company as a nominee of the Government of India, resigned as a Director w.e.f. November 29, 2016. The Board places on record its sincere appreciation for the valuable contribution and services rendered by her.

The Ministry of Finance nominated Mr. Soumyajit Ghosh (DIN: 07698741) and Mr. Manish Kumar (DIN: 07379535) as Nominees of the Government of India on the Board of IDFC. Based on the recommendation of NRC, the said Directors were appointed by the Board as Additional Directors in the category of Nominee Directors w.e.f. January 11, 2017. 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.

Mr. S. S. Kohli (DIN: 00169907) and Ms. Marianne Økland (DIN: 03581266) were appointed as Directors in the category of Independent Director ("**ID**") to hold office till the conclusion of the ensuing AGM. Considering that their continued association would be of immense benefit to the Company,

the Board of Directors, based on recommendation of NRC approved the reappointment of Mr. S. S. Kohli and Ms. Marianne Økland as Directors of the Company in the category of ID, for a period of two years, to hold office from the conclusion of the ensuing AGM till the conclusion of the 22nd AGM to be held for FY19. Approval of Shareholders is sought for the reappointment of Mr. S. S. Kohli and Ms. Marianne Økland at the ensuing AGM.

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 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 w.e.f. July 15, 2017. 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 Broking, 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. Sunil Kakar will resign as CFO of IDFC Bank.

The Board recommends the appointment / reappointment of the above Directors at the ensuing AGM.

DECLARATION OF INDEPENDENCE

The Company has received a declaration from all IDs that they meet the criteria of independence specified under sub-section (6) of Section 149 of the Act, read with Rule 5 of the Companies (Appointment and Qualification of Directors) Rules 2014, for holding the position of ID and that they shall abide by the “Code for Independent Directors” as per Schedule IV of the Act.

SPECIAL BUSINESS

The Board of Directors recommends the following items under special business for approval of the Shareholders at the ensuing AGM:

- a. Appointment of Mr. Manish Kumar (DIN: 07379535), as Nominee Director.
- b. Appointment of Mr. Soumyajit Ghosh (DIN: 07698741) as Nominee Director.
- c. Appointment of Mr. Sunil Kakar (DIN: 03055561) as a Director of the Company.
- d. Appointment of Mr. Sunil Kakar (DIN: 03055561) as Managing Director & CEO of the Company.
- e. Reappointment of Mr. S. S. Kohli (DIN: 00169907) as an ID.
- f. Reappointment of Ms. Marianne Økland (DIN: 03581266) as an ID.
- g. Offer and Issuance of Non-Convertible Securities through Private Placement basis.

BOARD AND ITS COMMITTEES

During the year, 7 (seven) Board Meetings and 4 (four) Audit Committee Meetings were held.

Audit Committee comprises of Mr. Gautam Kaji (DIN: 02333127) - Chairperson, Mr. Vinod Rai (DIN: 01119922) and Ms. Marianne Økland (DIN: 03581266).

All the recommendations made by the Audit Committee during the year were accepted by the Board.

The details of the constitution and meetings of the Board, Audit Committee and other Committees held during the year are provided in the Corporate Governance Report which forms part of this Annual Report.

BOARD EVALUATION

Pursuant to SEBI LODR Regulations and the Act, the process indicating the manner in which formal annual evaluation of the Chairperson, Directors, Board as a whole and Board level committees is given in the Corporate Governance Report, which forms part of this Annual Report.

NOMINATION & REMUNERATION COMMITTEE ("NRC") / REMUNERATION POLICY

The Company has a policy in place for identification of independence, qualifications and positive attributes of Directors. IDFC has put in place a Remuneration Policy for the Directors, Key Managerial Personnel, Senior Management and Other Employees.

The remuneration of the Executive Director and KMPs is recommended by NRC to the Board for their approval.

AUDITORS STATUTORY AUDITORS

In terms of Section 139(2) of the Act, all listed companies are required to mandatorily rotate their auditors once they have served office as an auditor for a consecutive period of 10 years or more. A moratorium period of three years is provided, which has ended on March 31, 2017. The term of Deloitte Haskins & Sells LLP, Chartered Accountants ("DHS") (Registration No. 117366W / W-100018), the Statutory Auditors of the Company, will end at the ensuing AGM. DHS, the retiring auditors, have completed their term of 10 years and a new audit

firm is proposed to be appointed from FY18 onwards.

The Board of Directors of the Company at their meeting held on January 31, 2017 appointed Price Waterhouse & Co, Chartered Accountants LLP (FRN 304026E/E300009) ("PWC") as Statutory Auditors of the Company. The approval of the Shareholders is requested, by passing an Ordinary Resolution, to appoint PWC as Statutory Auditors of the Company for a period of 5 (five) years from the conclusion of the ensuing AGM till the conclusion of AGM to be held for FY22. The Company has received a certificate from PWC to the effect that their appointment, if made, shall be in compliance with the provisions of Section 139 and 141 of the Act.

The Board recommends the appointment of PWC at the ensuing AGM.

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Act and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed M/s. BNP & Associates, Company Secretaries to undertake the Secretarial Audit of the Company for FY17. The Secretarial Audit Report is appended as **Annexure 3**.

There are no qualifications or observations or other remarks made by the Statutory Auditors and Secretarial Auditors in their respective reports.

INTERNAL CONTROL SYSTEMS

The Company has in place, adequate systems of Internal Control to ensure compliance with policies and procedures. It is being constantly assessed and strengthened with new / revised standard operating procedures and tighter Information Technology controls. Internal Audit of the Company is regularly

carried out. The Audit Reports of Internal Auditors i.e. KPMG, along with their recommendations and implementation contained therein are regularly reviewed by the Audit Committee.

KPMG verified the key Internal Financial Control by reviewing key controls impacting financial reporting and overall risk management procedures of the Company and found the same satisfactory. Subsequently, it was placed before the Audit Committee of the Company.

RISK MANAGEMENT POLICY

IDFC as a group, has a robust risk management practice that enables it to book, manage and mitigate risks in all its businesses. The Company has a comprehensive Enterprise Risk Management framework which has been adopted across all entities in the group and covers all three types of risks—credit, market and operational risks. The Board through its Risk Management Committee monitors and reviews Risk Management of the Group on a regular basis. Our Company has Board approved Group Operational Risk Management Policy which endeavours to lay down broad principles for operational risk management. The details of Risk Management Framework are provided in Management Discussion and Analysis.

MATERIAL CHANGES AND COMMITMENT AFFECTING FINANCIAL POSITION OF THE COMPANY

There are no material changes and commitments, affecting the financial position of IDFC which has occurred between the end of FY17 and the date of the Board's report.

INSTANCES OF FRAUD, IF ANY REPORTED BY THE AUDITORS

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

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS / COURTS / TRIBUNALS

During the period under review, there were no significant and material orders passed by the Regulators / Courts / Tribunals.

ANTI SEXUAL HARASSMENT POLICY

The Company has in place the policy on Anti Sexual Harassment. The Company undertakes ongoing trainings to create awareness on this policy. There were no instances of Sexual Harassment that were reported during the period under review.

TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to the applicable provisions of the Act, the dividend which remains unclaimed / unpaid for a period of seven years from the date of transfer to the unpaid dividend account are required to be transferred to the Investor Education and Protection Fund ("IEPF") established by the Central Government and no claim shall lie against the Company once such unpaid / unclaimed amounts are transferred by the Company.

Accordingly, an amount of ₹ 1,712,540 being unclaimed / unpaid dividend for FY09 and which remained unpaid and unclaimed for a period of 7 years has been transferred by the Company to the IEPF.

The Company regularly updates the details of unclaimed / unpaid dividend

on the Company's website (www.idfc.com) and on Ministry of Corporate Affairs ("MCA") website (www.mca.gov.in).

Further, the unclaimed / unpaid dividend amount pertaining to the FY10 will be transferred to IEPF during FY18.

TRANSFER OF SHARES TO IEPF

The 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 ("Karvy"), Registrar & Share Transfer Agent and submit requisite documents to Karvy or the Company, failing which the Company will be constrained to transfer the shares to IEPF as per the Rules.

DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of the Act:

- that in the preparation of the annual financial statements for the year ended March 31, 2017, the applicable accounting standards have been followed along with proper

explanation relating to material departures, if any;

- that such accounting policies have been selected and applied consistently and judgement and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2017 and of the profit of the Company for the year ended on that date.

- that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- that the annual financial statements have been prepared on a going concern basis;

- that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively.

- that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

GREEN INITIATIVE

In accordance with the 'Green Initiative', the Company has been sending the Annual Report / Notice of AGM in electronic mode to those Shareholders whose e-mail Ids are registered with the Company and / or the Depository Participants.

Your Directors are thankful to the Shareholders for actively participating in the Green Initiative.

EXTRACT OF ANNUAL RETURN

The extract of the Annual Return in the prescribed Form No. MGT 9 is appended as **Annexure 4**.

CORPORATE SOCIAL RESPONSIBILITY

The Corporate Social Responsibility Committee comprises of Mr. Vikram Limaye (DIN: 00488534) Chairperson, Mr. Donald Peck (DIN: 00140734) and Mr. S. S. Kohli (DIN: 00169907).

The disclosure of contents of the Corporate Social Responsibility Policy of the Company as prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014 forms part of the Board's Report and appended as **Annexure 5**.

RELATED PARTY TRANSACTIONS

The Company has in place the policy on Related Party Transactions and the same has been uploaded on the website of the Company i.e. www.idfc.com. In all related party transactions that were entered into during the financial year, an endeavour was made consistently that they were on an arm's length basis and were in the ordinary course of business. IDFC has always been committed to good corporate governance practices, including matters relating to Related Party Transactions.

Since all related party transactions entered into by the Company were in the ordinary course of business

and were on an arm's length basis, Form AOC-2 is not applicable to the Company.

No Material Related Party Transactions, i.e. transactions exceeding 10% of the annual consolidated turnover of the Company as per the last audited financial statements, were entered during the year by your Company.

ACKNOWLEDGEMENTS

We are grateful to the Government of India, State Governments, RBI, SEBI, Stock Exchanges, various Ministries and other domestic and overseas regulatory bodies for their continuous collaboration and support.

We would like to thank all our Shareholders, Banks for their co-operation and assistance during the year under review.

We would like to express our deep sense of appreciation for the hard work and efforts put in by the employees at all levels of the Group.

FOR AND ON BEHALF OF THE BOARD

Vinod Rai

Independent Non-Executive Chairperson

Mumbai,
June 24, 2017

AOC - I STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENTS OF SUBSIDIARIES / ASSOCIATES / JOINT VENTURES

[Pursuant to first proviso to sub-section 3 of Section 129 of the Act, read with Rule 5 of the Companies (Accounts) Rules 2014]

PART A SUBSIDIARIES

SR. NO.	NAME OF THE SUBSIDIARY COMPANIES	DATE SINCE WHEN SUBSIDIARY ACQUIRED / INCORPORATED	CAPITAL	RESERVES	TOTAL ASSETS	TOTAL LIABILITIES
1	IDFC Alternatives Limited	November 7, 2002	0.22	329.02	374.08	44.84
	(Previous Year)		0.22	309.98	359.54	49.34
2	IDFC AMC Trustee Company Limited	May 30, 2008	0.05	0.10	0.16	0.01
	(Previous Year)		0.05	0.05	0.14	0.04
3	IDFC Asset Management Company Limited	May 30, 2008	2.68	220.73	276.31	52.90
	(Previous Year)		2.68	123.45	278.45	152.32
4	IDFC Capital (Singapore) Pte. Ltd.**	January 2, 2008	246.22	(48.98)	197.51	0.27
	(Previous Year)		246.22	(43.57)	203.00	0.35
5	IDFC Capital (USA) Inc.**	August 3, 2009	4.62	1.53	6.29	0.14
	(Previous Year)		4.62	1.65	6.66	0.39
6	IDFC Finance Limited	September 4, 2008	-	-	-	-
	(Previous Year)		21.00	2.42	23.44	0.03
7	IDFC Foundation (unaudited)	March 4, 2011	13.00	4.75	99.77	82.02
	(Previous Year)		13.00	4.63	96.17	78.54
8	IDFC Investment Managers (Mauritius) Ltd.**	September 13, 2010	2.51	(1.00)	1.57	0.06
	(Previous Year)		2.51	(0.75)	1.82	0.06
9	IDFC Projects Limited	December 2, 2007	34.05	(141.28)	4.04	111.27
	(Previous Year)		34.05	(88.92)	109.70	164.57
10	IDFC Securities Limited	October 22, 2007	14.14	131.72	205.45	59.59
	(Previous Year)		14.14	120.53	170.31	35.64
11	IDFC Securities Singapore Pte. Ltd**	November 21, 2012	14.91	(11.50)	3.65	0.24
	(Previous Year)		14.91	(9.81)	5.30	0.20

₹ IN CRORE

INVESTMENTS	TURNOVER	PROFIT BEFORE TAX	PROVISION FOR TAX	PROFIT AFTER TAX	PROPOSED DIVIDEND (%)	EXTEND OF SHAREHOLDING (IN %)	
						PREFERENCE	EQUITY
270.39	124.78	28.39	9.35	19.04	-	-	100
262.29	124.41	26.28	11.67	14.61	-	-	100
-	0.18	0.06	0.02	0.04	-	-	100
-	0.12	0.01	β	0.01	-	-	75
233.45	291.96	140.00	42.72	97.28	2275	-	100
233.10	315.61	162.78	52.74	110.04	3050	-	75
127.02	8.05	(0.87)	-	(0.87)	-	-	100
137.05	7.88	(3.71)	-	(3.71)	-	-	100
-	3.36	0.22	0.20	0.02	-	-	100
-	2.49	0.14	(0.05)	0.19	-	-	100
-	-	-	-	-	-	-	-
-	4.30	4.24	1.42	2.82	-	-	100
36.87	12.50	0.12	-	0.12	-	-	100
57.57	12.40	1.21	-	1.21	-	-	100
-	-	(0.22)	-	(0.22)	-	-	100
-	-	(0.23)	-	(0.23)	-	-	75
3.52	1.44	(52.73)	0.30	(53.03)	-	-	100
108.93	5.73	(34.69)	1.16	(35.85)	-	-	100
20.13	67.82	16.63	5.44	11.19	-	-	100
74.57	41.16	23.37	8.52	14.85	-	-	100
-	2.10	(1.63)	-	(1.63)	-	-	100
-	0.73	(2.98)	-	(2.98)	-	-	100

PART A SUBSIDIARIES (CONTD.)

SR. NO.	NAME OF THE SUBSIDIARY COMPANIES	DATE SINCE WHEN SUBSIDIARY ACQUIRED / INCORPORATED	CAPITAL	RESERVES	TOTAL ASSETS	TOTAL LIABILITIES
12	IDFC Trustee Company Limited	October 11, 2002	0.05	4.95	5.01	0.01
	(Previous Year)		0.05	3.84	3.91	0.02
13	IDFC Infrastructure Finance Limited (Formerly known as IDFC Infra Debt Fund Limited)	March 7, 2014	540.00	112.37	2,837.04	2,184.67
	(Previous Year)		540.00	41.53	1,421.61	840.08
14	IDFC Financial Holding Company Limited	November 7, 2014	9,029.24	30.73	9,060.27	0.30
	(Previous Year)		8,785.00	(0.44)	8,784.82	0.26
15	IDFC Bank Limited	October 21, 2014	3,399.01	11,279.04	112,159.66	97,481.61
	(Previous Year)		3,392.62	10,239.93	83,215.87	69,583.32
16	IDFC Bharat Limited* (Formerly known as Grama Vidiyal Micro Finance Limited)	October 13, 2016	5.58	161.61	233.94	66.75
	(Previous Year)	NA	NA	NA	NA	NA

PART B ASSOCIATES AND JOINT VENTURES

(Pursuant to Section 129(3) of the Act related to Associates Companies and Joint Ventures)

SR. NO.	PARTICULARS	DELHI INTEGRATED MULTI - MODAL TRANSIT SYSTEM LIMITED	INFRASTRUCTURE DEVELOPMENT CORPORATION (KARNATAKA) LIMITED	RAIL INFRASTRUCTURE DEVELOPMENT COMPANY (KARNATAKA) LIMITED	JETPUR SOMNATH TOLLWAYS PRIVATE LIMITED
1	Latest audited Balance Sheet Date	March 31, 2017*	March 31, 2017	March 31, 2017	March 31, 2017
2	Date on which the Associate or Joint Venture was associated or acquired	March 23, 2011	March 23, 2011	March 23, 2011	January 11, 2011
3	Shares of associate held by the Company at March 31, 2017				
	Number of Equity Shares	73,045	4,948,996	1,237	42,637,400
	Amount of investment in associate companies (₹ in crore)	14.73	15.48	0.01	97.57
	Extend of Holding (%)	50%	49.49%	24.71%	26.00%
4	Description of how there is significant influence	Joint Venture	Joint Venture	Joint Venture	Associate
5	Reason why the associate is not consolidated	See Note 5	See Note 5	See Note 5	NA
6	Net worth attributable to shareholding as per latest audited Balance Sheet (₹ in crore)	48.93	30.72	1.72	(25.76)
7	Profit / (Loss) for the year ended March 31, 2017 (₹ in crore)	17.03	5.12	0.74	(422.56)
	i. Considered in Consolidation	9.00	2.53	0.18	(24.70)**
	ii. Not Considered in Consolidation	8.03	2.59	0.56	(398.06)

(i) Names of associates or joint ventures which are yet to commence operations. NA

(ii) Names of associates or joint ventures which have been liquidated or sold during the year.

Uttarakhand Infrastructure Development Company Limited (Under Liquidation) - joint venture of IDFC Foundation
Note 1: The group has significant influence through holding more than 20% of the equity shares in the investee company in terms of Accounting Standard 23, issued by ICAI.

Note 2: Delhi Integrated Multi-Modal Transit System Limited and Infrastructure Development Corporation (Karnataka) Limited are Joint Ventures of IDFC Foundation.

Note 3: Rail Infrastructure Development Company (Karnataka) Limited is Joint Venture of Infrastructure Development Corporation (Karnataka) Limited.

Note 4: Jetpur Somnath Tollways Private Limited is an Associate Company of IDFC Projects Limited.

Note 5: Refer Note 5(c) of Consolidated Financial Statements.

* Unaudited

** To the extent of investment in an associate.

₹ IN CRORE

INVESTMENTS	TURNOVER	PROFIT BEFORE TAX	PROVISION FOR TAX	PROFIT AFTER TAX	PROPOSED DIVIDEND (%)	EXTEND OF SHAREHOLDING (IN %)	
						PREFERENCE	EQUITY
2.28	0.89	1.47	0.36	1.11	-	-	100
3.86	0.83	0.81	0.25	0.56	-	-	100
125.28	206.93	70.84	-	70.84	-	-	81.48
106.50	74.99	37.10	-	37.10	-	-	81.48
8,984.07	111.32	111.08	1.72	109.36	-	-	100
8,739.80	3.55	3.26	1.17	2.09	-	-	100
50,471.70	8,532.71	1,470.96	451.22	1,019.74	7.50	-	52.88
29,728.61	3,648.83	715.77	248.92	466.85	2.50	-	52.98
-	262.30	20.90	8.49	12.41	-	-	52.88
NA	NA	NA	NA	NA	NA	NA	-

Note: There are no subsidiaries which are yet to commence operations.

No subsidiaries have been liquidated or sold during the year except IDFC Finance Limited, which got merged into IDFC Projects Limited.

* Acquired by IDFC Bank w.e.f. October 13, 2016.

** Exchange rate:

Closing Rate : 1 USD = ₹ 64.83

Average Rate : 1 USD = ₹ 67.06

Figures of ₹ 50,000 or less have been denoted by β.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS OF IDFC LIMITED

Vinod Rai

Independent Non-Executive Chairperson

Vikram Limaye

Managing Director & CEO

Bipin Gemani

Chief Financial Officer

Ketan Kulkarni

Company Secretary

Mumbai | April 28, 2017

RATIO OF DIRECTOR REMUNERATION TO EMPLOYEE MEDIAN REMUNERATION

The ratio of the remuneration of each Director to the median employee's remuneration and other details in terms of sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and as amended from time to time.:

i. The ratio of the remuneration of each Director to the median remuneration of the employees for the financial year

The ratio of the remuneration of Mr. Vikram Limaye (Managing Director & CEO) to the median remuneration of the employees of IDFC Limited for FY17 was 13 X.

ii. The percentage increase in remuneration of each Director, CFO, CEO, CS in the financial year

Managing Director & CEO- 21.68 %
CFO & CS- 5%

iii. The percentage increase in the median remuneration of employees in the financial year

The median pay increase for eligible employees was 5%.

iv. The number of permanent employees on the rolls of the Company

Post demerger, there were 10 employees of the Company as on March 31, 2017

v. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;

The average percentile increase in the remuneration of employees compared to increase in remuneration

of Key Managerial Personnel as per the Act is in line with the compensation benchmark study and the performance of the Company over a period of time. There is no exceptional increase in the Managerial Remuneration.

vi. Affirmation that the remuneration is as per the remuneration policy of the Company

We confirm.

Note:The Non-Executive Directors of the Company are entitled for sitting fee and commission as per the statutory provisions and within the limits approved by the Shareholders. The details of remuneration of Non-Executive Directors are provided in the Corporate Governance Report. The ratio of remuneration and percentage increase for Non-Executive Directors Remuneration is therefore not considered for the purpose above.



SECRETARIAL AUDIT REPORT

For the financial year ended March 31, 2017 [Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members
IDFC Limited
KRM Tower, 7th Floor
No. 1 Harrington Road,
Chetpet, Chennai 600031

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to corporate practices by **IDFC Limited** (hereinafter called 'the Company') for the audit period covering the financial year ended on 31st March 2017 ('the audit period'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2017 according to the provisions of:

- i.** The Companies Act, 2013 ('the Act') and the Rules made thereunder;
- ii.** The Securities Contracts (Regulation) Act, 1956 (SCRA) and the Rules made thereunder;

iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

iv. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

- a.** The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- b.** The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- c.** The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- d.** The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- e.** The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- f.** The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

v. Other laws as applicable specifically to the Company:

- 1.** Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 and Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 and other relevant guidelines and circulars issued by the Reserve Bank of India from time to time and to the extent of capital adequacy norms and periodic reporting's done by the Company.

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by the Institute of Company Secretaries of India related to meetings and minutes. During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

During the period under review, provisions of the following Act / Regulations were not applicable to the Company:

- a.** The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- b.** The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- c.** The Securities and Exchange Board of India (Buyback of Securities) Regulation, 1998;
- d.** Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Overseas Direct Investments and External Commercial Borrowings.

We further report that -

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

Adequate notice is given to all Directors to schedule the Board Meetings in compliance with the provisions of Section 173(3) of the Companies Act, 2013, agenda and detailed notes on agenda were sent at least seven days in advance,

<p>and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.</p> <p>Decisions at the meetings of the Board of Directors of the Company were carried through on the basis of majority. There were no dissenting views by any member of the Board of Directors during the period under review.</p> <p>We further report that – There are adequate systems and processes in the Company</p>	<p>commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.</p> <p>We further report that- During the audit period, the Company has:</p> <ol style="list-style-type: none"> 1. Obtained approval from its Members at 19th Annual General Meeting of the Company held on July 27, 2016, to borrow monies u/s. 180(1)(c) of the Companies Act 2013 & to issue Non-Convertible Debentures (NCDs) and Commercial Papers (CPs) on 	<p>Private Placement basis for a sum not exceeding ₹ 10,000/- crore (Rupees Ten Thousand crore only).</p> <ol style="list-style-type: none"> 2. Allotted 1,920,902 fully paid up Equity Shares of ₹ 10 each under Employee Stock Option Scheme (ESOS)-2016 of the Company. <p>FOR BNP & ASSOCIATES Company Secretaries</p> <p>B. Narasimhan Partner FCS 1303 / COP No. 10440</p> <p>Mumbai April 28, 2017</p>
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ANNEXURE I TO THE SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017

<p>To, The Members IDFC Limited</p> <p>Our Secretarial Audit Report of even date is to be read along with this letter.</p> <ol style="list-style-type: none"> 1. The compliance of provisions of all laws, rules, regulations, standards applicable to IDFC Limited (the 'Company') is the responsibility of the management of the Company. Our examination was limited to the verification of records and procedures on test check basis for the purpose of issue of the Secretarial Audit Report. 2. Maintenance of secretarial and other records of applicable laws is the responsibility of the management of the Company. Our responsibility is to issue Secretarial Audit Report, based on the audit of the relevant records maintained and 	<p>furnished to us by the Company, along with explanations where so required.</p> <ol style="list-style-type: none"> 3. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial and other legal records, legal compliance mechanism and corporate conduct. The verification was done on test check basis to ensure that correct facts as reflected in secretarial and other records produced to us. We believe that the processes and practices we followed, provides a reasonable basis for our opinion for the purpose of issue of the Secretarial Audit Report. 4. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company. 	<ol style="list-style-type: none"> 5. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and major events during the audit period. 6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company. <p>FOR BNP & ASSOCIATES Company Secretaries</p> <p>B. Narasimhan Partner FCS 1303 / COP No. 10440</p> <p>Mumbai April 28, 2017</p>
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FORM NO. MGT. 9 EXTRACT OF ANNUAL RETURN

For the financial year ended March 31, 2017

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

01 REGISTRATION AND OTHER DETAILS

1	CIN	L65191TN1997PLC037415
2	Registration Date	January 30, 1997
3	Name of the Company	IDFC Limited
4	Category / Sub-Category of the Company	Non Banking Financial Company - Investment Company
5	Address of the Registered office and contact details	KRM Tower, 7 th Floor, No. 1 Harrington Road, Chetpet, Chennai 600 031, Tamil Nadu, India. Tel.: +91 44 4564 4000 Fax No.: +91 44 4564 4022
6	Whether listed company	Yes
7	Name, Address and Contact details of Registrar and Transfer Agent, if any	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 No.: +91 40 2342 0814

02 PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

SR. NO.	NAME AND DESCRIPTION OF MAIN PRODUCTS / SERVICES	NIC CODE OF THE PRODUCT / SERVICE	% TO TOTAL TURNOVER
1	NBFC (IC) registered with RBI	IDFC Limited holds a certificate of registration bearing no. B-07.00718 issued by the Reserve Bank of India ("RBI") to carry on the activities of a Non-Banking Financial Company ("NBFC") under Section 45 IA of RBI Act, 1934 in the category of Investment Company ("IC")	100

03 PARTICULARS OF HOLDING, SUBSIDIARY, ASSOCIATE AND JOINT VENTURE COMPANIES

SR. NO.	NAME OF THE COMPANY	CIN / GLN	HOLDING / SUBSIDIARY / ASSOCIATE / JOINT VENTURE	% OF SHARES HELD	APPLICABLE SECTION
1	IDFC Financial Holding Company Limited	U65900TN2014PLC097942	Subsidiary	100	2(87)
2	IDFC Alternatives Limited	U67190MH2002PLC137798	Subsidiary	100	2(87)
3	IDFC Capital (Singapore) Pte. Limited	Foreign Company	Subsidiary	100	2(87)
4	IDFC Trustee Company Limited	U65990MH2002PLC137533	Subsidiary	100	2(87)
5	IDFC Securities Limited	U99999MH1993PLC071865	Subsidiary	100	2(87)
6	IDFC Securities Singapore Pte. Limited	Foreign Company	Subsidiary	100	2(87)
7	IDFC Capital (USA) Inc.	Foreign Company	Subsidiary	100	2(87)
8	IDFC Asset Management Company Limited	U65993MH1999PLC123191	Subsidiary	100	2(87)
9	IDFC Investment Managers (Mauritius) Ltd.	Foreign Company	Subsidiary	100	2(87)
10	IDFC AMC Trustee Company Limited	U69990MH1999PLC123190	Subsidiary	100	2(87)
11	IDFC Projects Limited	U45203MH2007PLC176640	Subsidiary	100	2(87)
12	IDFC Foundation	U93000DL2011NPL215231	Subsidiary	100	2(87)
13	IDFC Infrastructure Finance Limited (Formerly known as IDFC Infra Debt Fund Limited)	U67190MH2014PLC253944	Subsidiary	81.48	2(87)
14	IDFC Bank Limited	L65110TN2014PLC097792	Subsidiary	52.88	2(87)
15	IDFC Bharat Limited (Formerly known as Grama Vidiyal Micro Finance Limited)	U65929TN2003PLC050856	Subsidiary	52.88	2(87)
16	Jetpur Somnath Tollways Private Limited	U74120HR2011PTC058062	Associate ¹	26	2(6)
17	Delhi Integrated Multi-Modal Transit System Limited	U60232DL2006PLC148406	Joint Venture ²	50	2(6)
18	Infrastructure Development Corporation (Karnataka) Limited	U45203KA2000PLC027382	Joint Venture ²	49.49	2(6)
19	Uttarakhand Infrastructure Development Company Limited - under liquidation	U65993UR2002SGC027065	Joint Venture ²	49.90	2(6)
20	Rail Infrastructure Development Company (Karnataka) Limited	U60100KA2000PLC028171	Joint Venture ³	24.71	2(6)

¹ Associate of IDFC Projects Limited.² Joint Venture of IDFC Foundation (a Company within the meaning of Section 8 of the Act)³ Joint Venture of Infrastructure Development Corporation (Karnataka) Limited

04

SHARE HOLDING PATTERN

(Equity Share Capital Breakup as percentage of Total Equity)

I CATEGORY-WISE SHARE HOLDING

SR. NO.	CATEGORY OF SHAREHOLDER	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR				NO. OF SHARES HELD AT THE END OF THE YEAR				% CHANGE DURING THE YEAR
		DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
A	Promoter and Promoter Group	-	-	-	-	-	-	-	-	-
B	Public Shareholding									
1)	Institutions									
a)	Mutual Funds / UTI	139,208,295	-	139,208,295	8.73	220,729,497	-	220,729,497	13.83	5.10
b)	Financial Institutions / Banks	12,422,498	-	12,422,498	0.78	15,548,025	-	15,548,025	0.97	0.19
c)	Central Government / State Government(s)	261,400,000	-	261,400,000	16.40	261,400,000	-	261,400,000	16.38	(0.02)
d)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
e)	Insurance Companies	48,928,925	-	48,928,925	3.07	48,522,313	-	48,522,313	3.04	(0.03)
f)	Foreign Institutional Investors	729,910,965	-	729,910,965	45.79	612,625,873	-	612,625,873	38.39	(7.40)
g)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
h)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
i)	Others - FDI	5,151,271	-	5,151,271	0.32	4,436,433	-	4,436,433	0.28	(0.04)
	Sub-Total B(1)	1,197,021,954	-	1,197,021,954	75.09	1,163,262,141	-	1,163,262,141	72.89	(2.20)
2)	Non-Institutions									
a)	Bodies Corporate	87,059,296	-	87,059,296	5.46	73,997,247	-	73,997,247	4.64	(0.82)
b)	Individuals									
i)	Individuals holding nominal share capital upto ₹ 1 lac	171,498,934	31,194	171,530,128	10.76	170,033,747	32,697	170,066,444	10.66	(0.10)
ii)	Individuals holding nominal share capital in excess of ₹ 1 lac	104,345,600	-	104,345,600	6.55	136,825,512	-	136,825,512	8.57	2.02
c)	Others									
i)	Clearing members	8,287,710	-	8,287,710	0.52	18,191,435	-	18,191,435	1.14	0.62
ii)	Non resident indians	12,850,511	-	12,850,511	0.81	15,321,076	-	15,321,076	0.96	0.15
iii)	Trusts	12,925,469	-	12,925,469	0.81	18,277,715	-	18,277,715	1.14	0.33
d)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
	Sub-Total B(2)	396,967,520	31,194	396,998,714	24.91	432,646,732	32,697	432,679,429	27.11	2.20
	Total B=B(1)+B(2)	1,593,989,474	31,194	1,594,020,668	100.00	1,595,908,873	32,697	1,595,941,570	100.00	-
C	Shares held by custodians, against which depository Receipts have been issued	-	-	-	-	-	-	-	-	-
	GRAND TOTAL (A+B+C)	1,593,989,474	31,194	1,594,020,668	100.00	1,595,908,873	32,697	1,595,941,570	100.00	-

II SHAREHOLDING OF PROMOTERS: NOT APPLICABLE**III CHANGE IN PROMOTERS' SHAREHOLDING: NOT APPLICABLE**

IV SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS (other than Directors, Promoters and Holders of GDRs and ADRs)

SR NO.	NAME OF SHAREHOLDERS*	SHAREHOLDING AT THE BEGINNING OF THE YEAR		CHANGES IN THE SHAREHOLDING DURING THE YEAR		CUMULATIVE SHAREHOLDING AT THE END OF THE YEAR	
		NO OF SHARES	% OF TOTAL SHARES OF THE CO	INCREASE	DECREASE	NO OF SHARES	% OF TOTAL SHARES OF THE CO
1	President of India	261,400,000	16.40	-	-	261,400,000	16.38
2	Sipadan Investments (Mauritius) Limited	151,145,989	9.48	-	-	151,145,989	9.47
3	First State Investments ICVC- Stewart Investors Asia Pacific Leaders Fund**	103,927,160	6.52	-	9,911,080	94,016,080	5.89
4	Orbis Sicav Emerging Markets Equity Fund	50,780,947	3.19	-	-	50,780,947	3.18
5	Ashish Dhawan	19,999,990	1.25	21,844,480	-	41,844,470	2.62
6	East Bridge Capital Master Fund Limited	25,768,744	1.62	13,058,550	-	38,845,294	2.43
7	ICICI Prudential Balanced Fund	-	-	22,429,326	-	22,429,326	1.41
8	Platinum Asia Fund	-	-	21,998,600	-	21,998,600	1.38
9	Orbis Global Equity Fund Ltd	17,919,198	1.12	-	-	17,919,198	1.12
10	ICICI Prudential Dynamic Plan	2,921,173	0.18	14,048,464	-	16,969,637	1.06

* Top ten Shareholders of the Company as on March 31, 2017 have been considered for the above disclosure.

The shares of the Company are traded on daily basis and hence, the date wise increase / decrease in shareholding is not indicated.

** As on March 31, 2016, these shares were held in the name of National Westminster Bank PLC as Depository of First State Asia Pacific Leaders Fund, a fund of First State Investments ICVC.

V SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

SR NO.	NAME OF SHAREHOLDERS	SHAREHOLDING AT THE BEGINNING OF THE YEAR / DATE OF APPOINTMENT		CHANGES IN THE SHAREHOLDING DURING THE YEAR		SHAREHOLDING AT THE END OF THE YEAR	
		NO. OF SHARES	% OF TOTAL SHARES OF THE COMPANY	INCREASE	DECREASE	NO. OF SHARES	% OF TOTAL SHARES OF THE COMPANY
1	Mr. Vikram Limaye, MD & CEO	2,043,728	0.13	74,000	-	2,117,728	0.13
2	Mr. Bipin Gemani, CFO	141,442	0.01	-	-	141,442	0.01

05 INDEBTEDNESS

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

₹ IN CRORE

	SECURED LOANS EXCLUDING DEPOSITS	UNSECURED LOANS	DEPOSITS	TOTAL INDEBTEDNESS
Indebtedness at the beginning of the financial year				
i. Principal Amount	-	-	-	-
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	-	-	-	-
TOTAL (i+ii+iii)	-	-	-	-
Change in Indebtedness during the financial year				
Addition	-	199.70	-	199.70
Reduction	-	-	-	-
Net Change	-	199.70	-	199.70
Indebtedness at the end of the financial year				
i. Principal Amount	-	199.70	-	199.70
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	-	-	-	-
TOTAL (i+ii+iii)	-	199.70	-	199.70

06 REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL		AMOUNT IN ₹
A REMUNERATION TO MANAGING DIRECTOR, WHOLE-TIME DIRECTORS AND / OR MANAGER:		
SR. NO.	PARTICULARS OF REMUNERATION	MR. VIKRAM LIMAYE MD & CEO
1	Gross salary	
a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	34,643,659
b)	Value of perquisites u/s 17(2) of the Income-tax Act, 1961	39,600
c)	Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-
2	Stock Option	
3	Sweat Equity	-
4	Commission	
i)	as % of profit	-
ii)	Others, specify	-
5	Others—Contribution to Provident & Other Funds	1,951,680
TOTAL (A)		36,634,939
Ceiling as per the Act		Refer Note 4
Note: 1. During FY17, Mr. Vikram Limaye was paid bonus of ₹ 1.75 crore for FY16. 2. During the year, Mr. Vikram Limaye 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. The remuneration paid to the Managing Director is within the limits prescribed under the Act.		

B REMUNERATION TO OTHER DIRECTORS		AMOUNT IN ₹			
SR. NO.	PARTICULARS OF REMUNERATION	FEES FOR ATTENDING	COMMISSION ¹	OTHERS	TOTAL AMOUNT
1	Independent Directors				
	Mr. Vinod Rai	925,000	1,354,167	-	2,279,167
	Mr. Gautam Kaji	775,000	1,250,000	-	2,025,000
	Mr. S. S. Kohli	775,000	1,287,500	-	2,062,500
	Mr. Donald Peck	575,000	1,204,167	-	1,779,167
	Ms. Marianne Økland	700,000	1,408,333	-	2,108,333
	Late Mr. S H Khan (upto August 10, 2015)	-	625,000	-	625,000
	Dr. Omkar Goswami (upto August 6, 2015)	-	575,000	-	575,000
	TOTAL (1)	3,750,000	7,704,167	-	11,454,167
2	Other Non Executive Directors				
	Mr. Chintamani Bhagat	450,000	391,667	-	841,667
	Mr. Joseph Dominic Silva (upto October 31, 2015)		733,333	-	733,333
	Mr. Manish Kumar (w.e.f January 11, 2017)				
	Mr. Soumyajit Ghosh (w.e.f January 11, 2017)		Not Applicable		
	Mrs. Snehlata Shrivastava (upto November 29, 2016)				
	TOTAL (2)	450,000	1,125,000	-	1,575,000
	TOTAL (B) = (1+2)	4,200,000	8,829,167	-	13,029,167
TOTAL MANAGERIAL REMUNERATION (A+B)					49,664,106
Overall ceiling as per the Act					Refer Note 2
Note: 1. Commission for FY16 paid in FY17. Note: 2. In terms of the provisions of the Act, the remuneration payable to Directors other than Executive Directors shall not exceed 1% of the net profit of the Company. The remuneration paid to the Directors is well within the said limit.					

C REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD / MANAGER / WTD				AMOUNT IN ₹
SR. NO.	PARTICULARS OF REMUNERATION	MR. BIPIN GEMANI	MR. KETAN S. KULKARNI	
		CFO	CS	TOTAL
1	Gross salary			
a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	9,647,181	2,664,697	12,311,878
b)	Value of perquisites u/s 17(2) of the Income-tax Act, 1961	32,400	32,400	64,800
c)	Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-	-	-
2	Stock Option			
3	Sweat Equity	-	-	-
4	Commission			
i)	as % of profit	-	-	-
ii)	Others, specify	-	-	-
5	Others—Contribution to Provident & Other Funds	1,546,364	273,235	1,819,599
	TOTAL	11,225,945	2,970,332	14,196,277

Note: 1. During FY 17, Mr. Bipin Gemani and Mr. Ketan Kulkarni were paid bonus of ₹ 40 lacs and ₹ 15 lacs, respectively for FY16.
2. During FY 17, Mr. Gemani and Mr. Kulkarni were granted 258,754 and 25,000 stock options respectively, under IDFC ESOP Scheme. The stock options granted 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.

07 PENALTIES / PUNISHMENTS / COMPOUNDING OF OFFENCES: NIL

CORPORATE SOCIAL RESPONSIBILITY

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

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

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

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

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

The object of the CSR activities would seek to –

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

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

- a.** livelihoods
- b.** rural development projects
- c.** promoting healthcare including preventive health care
- d.** education

- e. community engagement / development
- f. environmental sustainability
- g. disaster relief
- h. research and studies in all or any of the activities mentioned in Schedule VII and
- i. others

2 The Composition of the CSR Committee.

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

3 Average net profit of the company for last three financial years
₹ 47 crore

4 Prescribed CSR Expenditure (2% of the amount as in item 3 above)
₹ 0.94 crore

5 Details of CSR spent during the financial year.

- a. Total amount to be spent for the financial year:
₹ 0.94 crore
- b. Amount spent during the year:
₹ 1.25 crore
- c. Amount unspent, if any;
NIL
- d. Manner in which the amount spent during the financial year is detailed below: **Annexure - A**

6 In case the Company has failed to spend 2% of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report:
Not Applicable

7 The CSR Committee of the Company hereby confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

For IDFC Limited

Place: Mumbai
 Date: June 24, 2017

Vikram Limaye
 Chairperson-CSR Committee

S. S. Kohli
 Director



CORPORATE SOCIAL RESPONSIBILITY

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

SR. NO.	CSR PROJECT OR ACTIVITY IDENTIFIED	SECTOR IN WHICH THE PROJECT IS COVERED (CLAUSE NO. OF SCHEDULE VII TO THE ACT, AMENDED)
1	Improvement in the learning environment in night schools - which cater to underprivileged students.	Cl.(ii) promoting education
2	Improvement in learning outcomes and universalization of primary education for a set of 60 schools in the backward blocks of Ramgarh and Kishangarh through an identified set of interventions and infrastructure improvements.	Cl.(ii) promoting education
3	Promoting Digital Literacy amongst School Students to enable access to universal knowledge, quality education, healthcare, transparent governance and economic opportunities.	Cl.(ii) promoting education
4	Support towards strengthening and improving the quality of life in Indian cities and towns.	Cl.(ii) promoting education Cl.(ii) livelihood enhancement projects,
5	Improvement of infrastructure facilities at Anganwadi centre and Primary Schools at Sanghakheda Kalan Village	Cl.(ii) promoting education
TOTAL		
6	Providing economic and affordable service delivery on water and sanitation to the community.	Cl.(i) Sanitation & Safe Drinking water
7	Support for affordable and accessible healthcare services.	Cl.(i) promoting health care including preventive health care
8	Support for elimination of Open Defecation and achieving Open Defecation Free Status in Machlipatnam division of Krishna District	Cl.(i) Sanitation
TOTAL		
9	Cattle Care program for breed improvement by providing services such as Artificial Insemination (AI) & other Veterinary Services to enhance the livelihoods of small and marginal farming families in rural districts	Cl.(ii) livelihood enhancement projects,
10	Improving the aspired quality of life for the people through the development of infrastructure projects - (i) Setting up of Micro Hydel for supply of electricity, (ii) Solar street light and (iii) clean drinking water in Mawlyngbwa Village, Meghalaya	Cl.(ii) livelihood enhancement projects; Cl. (iv) ensuring environmental sustainability; Cl. (x) rural development projects.
11	Setting up a Centre of Excellence for developing Handloom and Crafts as a means of sustainable livelihoods for the women in the remote areas of Uttarakhand	Cl.(ii) livelihood enhancement projects,
12	Support on improving the competitiveness of Indian economy through jobs and livelihood creation.	Cl.(ii) livelihood enhancement projects,
13	Financial inclusion through channelizing Interoperable Micro ATMs Network to improve access to basic banking & payments network services after providing financial literacy and digital skilling program under Rural Livelihoods & Development Program	Cl.(ii) livelihood enhancement projects; Cl. (x) rural development projects.
TOTAL		
14	Research & studies on various programmes	Various clauses of Schedule VII
TOTAL		
Total Direct Expense of Project & Programmes (A)		
Overhead Expense (B)		
Total (A) + (B)		

*IDFC Foundation, a wholly owned subsidiary of the IDFC Limited, is an implementing agency of IDFC Limited and its group Companies and engaging Corporate Social Responsibility ("CSR") activities as per the CSR policy adopted by IDFC & its group companies in line with the Schedule VII of the Act.

The Company is primarily focussing on CSR activities as well defined projects or programmes that would include promoting and development of (a) livelihoods, (b) rural development projects, (c) promoting healthcare including preventive health care, (d) education, (e) community engagement / development, (f) environmental sustainability, (g) disaster relief, (h) research and studies in all or any of the activities mentioned in Schedule VII and (i) Others, with the help of various partners.

₹ IN CRORE

PROJECTS OR PROGRAMS (1) LOCAL AREA OR OTHER (2) SPECIFY THE STATE AND DISTRICT WHERE PROJECTS OR PROGRAMS WAS UNDERTAKEN	AMOUNT OUTLAY (BUDGET)	AMOUNT SPENT ON THE PROJECTS OR PROGRAMS SUB HEADS: (1) DIRECT EXPENDITURE ON PROJECTS OR PROGRAMS (2) OVER HEADS	CUMULATIVE EXPENDITURE UP TO THE REPORTING PERIOD	AMOUNT SPENT: DIRECT OR THROUGH IMPLEMENTING AGENCY
Maharashtra-Mumbai		0.52	1.87	IMPLEMENTING AGENCY IDFC FOUNDATION*
Rajasthan - Alwar		0.72	2.65	
Madhya Pradesh - Hoshangabad		0.31	1.20	
Gujarat - Ahmedabad & Surat, Karnataka - Bangalore, Madhya Pradesh - Bhopal, Odisha - Bhubaneswar, Chandigarh, Tamilnadu - Chennai, Kerala - Thiruvananthapuram, Uttarakhand - Dehradun, Delhi, Andhra Pradesh - Hyderabad, Rajasthan - Jaipur, Uttar Pradesh - Kanpur & Lucknow, West Bengal - Kolkata, Punjab - Ludhiana, Maharashtra - Mumbai, Bihar - Patna, Chhattisgarh - Raipur, Jharkhand - Ranchi	0.31	0.46	0.99	
Madhya Pradesh - Hoshangabad		0.17	0.42	
	0.31	2.18	7.13	
Odisha		0.25	0.25	
All India coverage		0.37	0.37	
	0.35			
Andhra Pradesh - Krishna district		1.69	1.69	
	0.35	2.31	2.31	
Madhya Pradesh - Hoshangabad, Harda, Khandwa, Khargone, Dhar, Bhopal, Raisen, Dewas and Indore Karnataka-Hubbali (Dharwad), Haveri, Koppal, Bagalkot, Belgaavi		1.73	2.53	
Meghalaya - Across State		0.16	2.24	
Uttarakhand - Almora	0.30	0.15	0.60	
All India coverage		0.25	0.25	
Rural India coverage		1.37	1.37	
	0.30	3.66	6.99	
All India coverage	0.29	5.51	13.26	
	0.29	5.51	13.26	
		13.66	29.69	
		0.33	2.56	
	1.25	13.99	32.25	