



# BOARD'S REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Twenty-Fifth Annual Report on the business and operations of the Company together with the audited financial statements, prepared under Ind-AS, for the financial year ended March 31, 2022.

## OPERATIONS REVIEW

Effective October 1, 2015 post demerger of Financing Undertaking into IDFC FIRST Bank Limited (earlier known as IDFC Bank), IDFC Limited ("IDFC" or "the Company") is operating as an NBFC - Investment Company mainly holding investment in IDFC Financial Holding Company Limited ("IDFC FHCL") which is a non-operative financial holding company. IDFC FHCL in turn holds investments in IDFC FIRST Bank Limited ("IDFC FIRST Bank") and IDFC Asset Management Company Limited ("IDFC AMC"). IDFC has negligible business operations and its main focus is to simplify corporate structure and unlock value for shareholders. During the year, Balance Sheet size increased from Rs. 9,303.78 crore as on March 31, 2021 to Rs. 9,358.51 crore as on March 31, 2022. Profit after tax and other comprehensive income was higher at Rs. 21.86 crore for FY 2021-22 as compared to Rs. 8.87 crore in FY 2020-21. Net worth of the Company increased from Rs. 9,261.10 crore as on March 31, 2021 to

Rs. 9,284.77 crore as on March 31, 2022. During the year, the Company transferred Rs. 4.39 crore to Special Reserve u/s 45-IC of Reserve Bank of India ("RBI") Act, 1934. 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 report.

## DIVIDEND

The Board of Directors has not recommended any dividend for FY22. The Board of Directors declared an Interim dividend of Re. 1/- per share in April 2022 and the same was paid to shareholders on May 02, 2022.

## DIVIDEND DISTRIBUTION POLICY

In accordance with the Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations"), IDFC had formulated a Dividend Distribution Policy. The policy was adopted to set out the parameters

and circumstances that will be considered 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.idfclimited.com/investor\\_relations/corporate\\_governance\\_policies.htm](http://www.idfclimited.com/investor_relations/corporate_governance_policies.htm).

## SUBSIDIARY COMPANIES

The Company has seven domestic direct indirect subsidiaries, one foreign indirect subsidiary, four Associate Companies and two Joint Ventures as on March 31, 2022 which are given in **Table 1**.

## IDFC Asset Management Company Limited

The Board of Directors of IDFC and the Board of Directors of IDFC FHCL at their respective meetings held on April 06, 2022, have inter alia considered binding bids received in connection with divestment of IDFC AMC along with IDFC AMC Trustee Company Limited

("IDFC AMC Trustee") and have approved sale of the entire shareholding of IDFC AMC and IDFC AMC Trustee held by IDFC FHCL to a consortium comprising of Bandhan Financial Holding Limited, Lathe Investment Pte. Ltd. (affiliate of GIC), Tangerine Investments Limited and Infinity Partners (affiliates of ChrysCapital) ("Proposed Transaction"). The Proposed Transaction will be completed upon receipt of requisite regulatory and other approvals, as applicable, and completion of closing related actions mutually agreed between the parties. The gross consideration for the Proposed Transaction is Rs. 4,500 crores on a fully diluted basis and subject to customary price adjustments at the closure. This consideration is in addition to receipt of Rs. 250 crores as dividend from IDFC AMC in March 2022. The necessary applications have been made to concerned authorities/regulators.

On July 07, 2022, the Shareholders of IDFC through postal ballot have approved the divestment/ sale/ disposal of the IDFC Asset Management Company Limited (material subsidiary of IDFC Limited) and IDFC AMC Trustee Company Limited.

## PROPOSED MERGER OF SUBSIDIARIES

In order to simplify corporate structure and to bring synergy, the Board of Directors ("the Board") of IDFC Limited at its meeting held on November 09, 2021 had inter alia considered and approved the Scheme of Amalgamation of IDFC Alternatives Limited (Transferor Company 1), IDFC Trustee Company Limited (the Transferor Company 2) and IDFC Projects Limited (the Transferor Company 3) (wholly owned subsidiary Companies) into IDFC Limited (Transferee Company) subject to regulatory approvals from various authorities, as applicable. The Registrar of Companies, Chennai upon receipt of the proposed scheme and Form CAA-9 has intimated the Transferor Company 1, the Transferor Company 2, the Transferor Company 3, and the Transferee Company that it has no observations/suggestions to the present scheme of amalgamation vide letter dated February 01, 2022. On February 06, 2022, the Shareholders of IDFC Limited through postal ballot had approved the aforesaid scheme of amalgamation. The Official Liquidator attached to the Madras High Court has intimated the Transferor

Company 1, the Transferor Company 2 and the Transferor Company 3 that it has no observations/suggestions to the present scheme of amalgamation vide letter dated March 24, 2022. Approval from Regional Director / National Company Law Tribunal is awaited. Effective date of the merger is April 01, 2021. Post receiving all approvals, effect of merger will be given.

## IDFC FOUNDATION

In FY 21-22, IDFC Foundation ("the Foundation") through its division, IDFC Institute primarily focused on select projects of social and environment importance. The Foundation provides in-depth, actionable research and recommendations that are grounded in a contextual understanding of the political economy of execution. The Foundation approach to public policy issues rests on a solid foundation of evidence-based research. The Institute's research focuses on two broad areas: a) growth and job creation in the context of India's transition from farm to non-farm, rural to urban and informal to formal economic activity; and b) redefining the relationship between state and citizen to one of equals to improve the public delivery of essential services and welfare.

## 01 SUBSIDIARY COMPANIES

SR. NO.	NAME OF THE SUBSIDIARY	DIRECT / INDIRECT SUBSIDIARY	% OF SHAREHOLDING
<b>Domestic Subsidiaries</b>			
i.	IDFC Financial Holding Company Limited ("IDFC FHCL")	Direct	100%
ii.	IDFC Foundation (a Company within the meaning of section 8 of the Companies Act, 2013)	Direct	100%
iii.	IDFC Projects Limited	Direct	100%
iv.	IDFC Alternatives Limited	Direct	100%
v.	IDFC Trustee Company Limited	Direct	100%
vi.	IDFC AMC Trustee Company Limited	Indirect through IDFC FHCL	100%
vii.	IDFC Asset Management Company Limited ("IDFC AMC")	Indirect through IDFC FHCL	99.96%
<b>Foreign Subsidiaries</b>			
i.	IDFC Investment Managers (Mauritius) Ltd.	Indirect through IDFC FHCL	99.96%
<b>Associate</b>			
i.	Novopay Solutions Private Limited	Direct	23.83%
ii.	IDFC FIRST Bank Limited	Indirect through IDFC FHCL	36.49%
iii.	IDFC FIRST Bharat Limited	Indirect through IDFC FIRST Bank	36.49%
iv.	Jetpur Somnath Tollways Private Limited	Indirect through IDFC Projects Limited	26%
<b>Joint Ventures</b>			
i.	Delhi Integrated Multi - Modal Transit System Limited	Indirect through IDFC Foundation	50%
ii.	Infrastructure Development Corporation (Karnataka) Limited ("iDeck")	Indirect through IDFC Foundation	49.49%

The Foundation conducted sero-surveys in Delhi, Mumbai and Thane to assess the impact of the second wave and of the vaccination campaign. These studies, showing over 80% seroprevalence in children, contributed to the decision to reopen schools in both Mumbai and Delhi.

The Foundation launched The Indian COVID-19 Alliance (TICA) to develop a vaccination strategy in India with a focus on vaccine allocation, distribution, communication and financing. Foundation conducted a series of studies to better understand vaccine hesitancy and confidence in Punjab and Karnataka (February 2021), West Bengal (March-June 2021) and Maharashtra (June 2021). Their findings were presented to the Ministry of Health and Family Welfare as part of a national consultation on vaccine hesitancy. Building on these findings, they collaborated with the Health Department of the Government of Punjab to support their COVID-19 Vaccination Communication efforts.

The Foundation also engaged with policies put out by ministries by submitting comments on the 'Draft National Geospatial Policy (2021)' in June, 2021 and the 'Proposed amendments to the Consumer Protection (e-commerce) Rules' in July 2021. In addition to this, it also engaged with the Punjab government by offering guidance to the Department of Governance Reforms & Public Grievances on implementing their state data policy.

### **PROPOSED MERGER OF IDFC, IDFC FHCL AND IDFC FIRST BANK**

The Boards of IDFC, IDFC FHCL and IDFC FIRST Bank at their respecting meetings held on December 30, 2021 have accorded in-principle approval to merge IDFC and IDFC FHCL with IDFC FIRST Bank post further simplification of corporate structure and divestment of IDFC AMC.

### **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

Companies Act, 2013 ("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.idfclimited.com](http://www.idfclimited.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, have been presented in the section on Management Discussion & Analysis which forms part of this Annual Report.

### **PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES**

IDFC had 6 employees as on March 31, 2022 and 328 employees at the group level (holding and subsidiaries). 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 is 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 77,626 equity shares to eligible employees of IDFC on exercise of options granted under Employee Stock Option Scheme 2016 ("IDFC ESOS -2016"). As on March 31, 2022, the total paid up capital of IDFC was 1,59,64,35,942 equity shares of Rs. 10 each.

## MANAGEMENT DISCUSSION ANALYSIS AND REPORT ON CORPORATE GOVERNANCE

In compliance with Regulation 34 of SEBI LODR Regulations, separate detailed chapters on Management Discussion & Analysis, Report on Corporate Governance and Additional Shareholder Information forms 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.idfclimited.com](http://www.idfclimited.com) which forms part of this Annual Report.

## PUBLIC DEPOSITS

During FY22, 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 Whistle Blower Policy / Vigil Mechanism are posted on the website of the Company: [www.idfclimited.com](http://www.idfclimited.com). There were no instances reported during the year.

## FOREIGN EXCHANGE

There were no foreign exchange earnings or expenditure during the year under review.

## 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 Section 134(3) (m) of the Act read with the Companies (Accounts) Rules, 2014 are not applicable to IDFC.

## DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Shareholders of the Company, at its 21st AGM held on July 31, 2018, appointed Mr. Vinod Rai (DIN: 00041867) as an Independent Non-Executive Director for the second term for a period of 3 (three) consecutive years, from July 31, 2018 to July 30, 2021. The Nomination and Remuneration Committee and the Board of Directors of IDFC Limited, at their respective meetings held on May 25, 2021 changed the designation of Mr. Vinod Rai as Non-Independent Non-Executive Director from Independent Non-Executive Director on the Board of IDFC Limited with immediate effect & up to May 22, 2023 subject to approval of the Shareholders of the Company. At the 24<sup>th</sup> AGM of the Company held on September 22, 2021, proposal for an appointment

of Mr. Vinod Rai as Non-Independent Non-Executive Director on the Board of IDFC Limited did not receive the requisite votes, Mr. Vinod Rai vacated the office with immediate effect. The Board places on record its sincere appreciation for his long association and valuable contribution to IDFC.

The Nomination and Remuneration Committee and the Board of Directors of IDFC Limited, at their respective meetings held on May 25, 2021 also proposed the appointment of Dr. Jaimini Bhagwati (DIN: 07274047) and Mr. Anil Singhvi (DIN: 00239589) as Additional Directors in the category of Independent Director of the Company with immediate effect for a consecutive period of 3 (three) years. The Shareholders of the Company at its 24<sup>th</sup> AGM held on September 22, 2021, approved the appointment of Dr. Jaimini Bhagwati and Mr. Anil Singhvi as Independent Directors of the Company for a period of 3 years. The Board of Directors at its meeting held on December 22, 2021, approved appointment of Mr. Anil Singhvi as the Chairman of the Board with immediate effect.

The Nomination and Remuneration Committee and the Board of Directors of IDFC Limited, at their respective meetings held on October 30, 2021 and November 09, 2021, proposed the appointment of Ms. Anita Belani (DIN: 01532511) as an Additional Director in the category of Independent Director of the Company with immediate effect for a consecutive period of 3 (three) years, subject to the approval of Shareholders.

On February 06, 2022, the Shareholders of IDFC through postal ballot had approved the appointment of Ms. Anita Belani as an Independent Director of the Company for a consecutive period of 3 (three) years.

The Board of Directors of IDFC Limited at its Meeting held on August 14, 2019 had appointed Ms. Ritu Anand as an Additional Director in the category of Independent Director w.e.f. August 16, 2019. At the 22<sup>nd</sup> AGM held on September 30, 2019, the Shareholders of the Company had approved her appointment as an

Independent Director for a period of three (3) consecutive years w.e.f. August 16, 2019 till August 15, 2022. Accordingly, Ms. Ritu Anand has completed her term of 3 (three) consecutive years at the close of business hours on August 15, 2022 and hence, ceased to be an Independent Director of the IDFC Limited.

The Nomination and Remuneration Committee and the Board of Directors of IDFC, at their respective meetings held on August 24, 2022 accepted the resignation of Mr. Mahendra N Shah as Company Secretary and Compliance Officer of IDFC at the close of business hours on August 24, 2022. The Board also approved appointment of Mr. Mahendra N Shah (DIN: 00124629) as Managing Director - Designate of the Company with immediate effect. The term of Mr. Sunil Kakar (DIN: 03055561) as Managing Director & CEO of the Company will end on September 30, 2022. Mr. Mahendra N Shah will be the Managing Director of the Company w.e.f. October 01, 2022 till September 30, 2023 subject to approval of the shareholders of IDFC and other applicable statutory/regulatory approvals. The Board also appointed Ms. Shivangi Mistry as the Company Secretary and Compliance Officer of the Company w.e.f. August 25, 2022.

### **FRAMEWORK FOR APPOINTMENT OF DIRECTORS**

The Company has in place a framework for Board Diversity, Fit & Proper Criteria and Succession Planning for appointment of Directors on the Board of the Company.

### **DECLARATION OF INDEPENDENCE**

The Company has received a declaration from all IDs that they meet the criteria of independence specified under Section 149 of the Act, read with Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16(1)(b) of SEBI LODR Regulations for holding the position of ID and that they shall abide by the "Code for Independent Directors" as per Schedule IV of the Act. Pursuant to Companies (Accounts) Amendments Rules, 2019 Companies (Creation and Maintenance

of Databank of Independent Directors) Rules, 2019 and Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2019 dated 22nd October, 2019, all Independent Directors on the Board of the Company completed registration on Data Bank.

### **SPECIAL BUSINESS**

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

- i. Appointment of Mr. Mahendra N Shah (DIN: 00124629) as the Managing Director of the Company.

### **SHAREHOLDERS' UPDATE BOARD AND ITS COMMITTEES**

During the year, 17 Board Meetings and 5 Audit Committee Meetings were held. The Audit Committee was reconstituted on August 24, 2022, on cessation of Ms. Ritu Anand as an Independent Director of the Company w.e.f. August 15, 2022. The Committee is chaired by Mr. Anil Singhvi (DIN: 00239589) and has Mr. Ajay Sondhi (DIN: 01657614) and Ms. Anita Belani (DIN: 01532511) as its Members. 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 Chairman, Directors, Board as a whole and Board level committee is given in the Corporate Governance Report, which forms part of this Annual Report.

### **NOMINATION & REMUNERATION COMMITTEE / 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 its approval.

## AUDITORS

### STATUTORY AUDITORS

At the 24<sup>th</sup> AGM of the Company held on September 22, 2021, the Shareholders had approved the appointment of KKC & Associates LLP (previously, Khimji Kunverji & Co LLP), Chartered Accountants, (FRN 105146W/W100621) as Statutory Auditors for a period of 3 years to hold office from the conclusion of the 24th AGM till the conclusion of the 27th AGM of the Company. KKC has confirmed that they are not disqualified from continuing as Statutory Auditors of the Company for FY22-23.

### COST AUDIT

In terms of the Section 148 of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, the Company is not required to undertake cost audit.

### 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 Bhandari & Associates, Company Secretaries to undertake the Secretarial Audit of the Company for FY22. The Secretarial Audit Report is appended as **Annexure 3**. There are no qualifications or observations or adverse remarks made by the Statutory Auditors and Secretarial Auditors in their respective reports.

### COMPLIANCE WITH SECRETARIAL STANDARDS

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

### 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. M/s Grant Thornton India LLP("GT") along with their recommendations and implementation contained therein are regularly reviewed by the Audit Committee.

GT 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. 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 FY22 and the date of this Board's report.

### INSTANCES OF FRAUD 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 year under review, there were no significant and material orders passed by the Regulators / Courts / Tribunals.

## **PROCEEDINGS UNDER INSOLVENCY AND BANKRUPTCY**

During the year under review, the Company has not made any application nor any proceeding pending against the Company under the Insolvency and Bankruptcy Code, 2016.

## **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. The Company has constituted an Internal Complaints Committee for redressal of complaints and to prevent sexual harassment.

## **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: In that in the preparation of the annual financial statements for the year ended March 31, 2022, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

- In 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, 2022 and of the Profit of the Company for the year ended on that date;
- In 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;

- In that the annual financial statements have been prepared on a going concern basis;
- In that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively;
- In 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 their active participation in this Green Initiative.

## **ANNUAL RETURN**

The Annual Return of the Company has been placed on the website of the Company [www.idfclimited.com](http://www.idfclimited.com) in compliance with the provisions of section 134(3)(a) read with section 92(3) and the Rules made thereunder.

## **CORPORATE SOCIAL RESPONSIBILITY**

The Corporate Social Responsibility ("CSR") was re-constituted on June 09, 2021. Dr. Jaimini Bhagwati was inducted as the Chairman of the CSR Committee w.e.f. June 09, 2021. The CSR Committee consists of three Directors:

- i. Dr. Jaimini Bhagwati (DIN: 07274047), Chairman
- ii. Mr. Ajay Sondhi (DIN: 01657614), Member
- iii. Mr. Sunil Kakar (DIN: 03055561), Member

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 4**.

## **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.idfclimited.com](http://www.idfclimited.com). In all related party transactions that were entered into during the financial year, an endeavor 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.

## **EMPLOYEE STOCK OPTION SCHEME**

Pursuant to the resolution passed by the Members through Postal Ballot dated June 25, 2016, IDFC introduced IDFC Employee Stock Option Scheme, 2016 ("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.

Pursuant to IDFC Employee Stock Option Scheme 2016 (ESOS), the Company, on May 10, 2021, has granted to an employee 12,00,000 options equivalent to 12,00,000 equity shares at a strike price of Rs. 53.60 per equity share. The vesting period and exercise period will be as per the said ESOS scheme.

The Company determines the fair value of options using the Black Scholes model which considers the exercise price, the term of the option, share price at grant date, expected price volatility, dividend yield and risk-free interest rate for the term of the option. The fair value so determined is charged to profit & loss

account as employee benefit expense over the vesting period of the grant.

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

## **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  
IDFC LIMITED

## **ANIL SINGHVI**

Independent Non-Executive Chairman  
New Delhi  
August 24, 2022



**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 SUBSIDIARY COMPANIES	CAPITAL	RESERVES	TOTAL ASSETS	TOTAL LIABILITIES
1	IDFC Financial Holding Company Limited	9,029.24	418.94	9,504.77	56.59
	(Previous Year)	9,029.24	127.53	9,251.54	94.77
2	IDFC Asset Management Company Limited	2.68	215.62	358.96	140.66
	(Previous Year)	2.68	376.81	488.96	109.47
3	IDFC Alternatives Limited	0.22	305.99	312.31	6.10
	(Previous Year)	0.22	273.35	273.96	0.39
4	IDFC IEH Conservative Fund	43.14	(0.57)	42.93	0.37
	(Previous Year)	32.75	(1.13)	32.09	0.47
5	IDFC Foundation	13.00	(1.29)	13.04	1.33
	(Previous Year)	13.00	32.98	57.23	11.25
6	IDFC AMC Trustee Company Limited	0.05	0.42	0.55	0.08
	(Previous Year)	0.05	0.28	0.38	0.05
7	IDFC Trustee Company Limited	0.05	0.47	0.53	0.01
	(Previous Year)	0.05	0.49	0.56	0.01
8	IDFC Projects Limited	85.55	(179.66)	0.45	94.56
	(Previous Year)	85.55	(179.60)	0.39	94.44
9	IDFC Investment Managers (Mauritius) Limited ^	4.31	(4.00)	0.36	0.05
	(Previous Year)	4.31	(3.48)	0.87	0.05
10	IDFC Securities Limited (till June 10, 2020)	-	-	-	-
	(Previous Year)	-	-	-	-
11	IDFC IEH Tactical Fund (till March 16, 2021)	-	-	-	-
	(Previous Year)	-	-	-	-
12	IDFC Capital (Singapore) Pte. Ltd. (till February 24, 2021)	-	-	-	-
	(Previous Year)	-	-	-	-
13	IDFC Capital (USA) Inc. (till June 10, 2020)	-	-	-	-
	(Previous Year)	-	-	-	-
14	IDFC Securites Singapore Pte. Ltd (till June 10, 2020)	-	-	-	-
	(Previous Year)	-	-	-	-

^ Exchange rate as on March 31, 2022

Closing Rate : 1 USD = ₹ 75.81

Average Rate : 1 USD = ₹ 74.43

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

**Rs. IN CRORE**

INVESTMENTS	TURNOVER	PROFIT BEFORE TAX	PROVISION FOR TAX	OTHER COMPREHENSIVE INCOME	TOTAL COMPREHENSIVE INCOME	PROPOSED DIVIDEND (%)	% OF SHAREHOLDING	
							PREFERENCE	EQUITY
9,284.34	340.24	333.82	42.41	-	291.41	-	-	100%
9,245.81	61.62	55.74	11.94	-	43.80	-	-	100%
256.98	397.91	233.59	57.60	0.87	176.86	-	-	99.96%
379.83	347.84	190.99	47.96	0.99	144.02	-	-	99.96%
184.39	-	41.34	8.70	-	32.64	-	-	100%
130.85	-	16.86	13.29	-	3.57	-	-	100%
38.37	1.74	0.50	(0.12)	-	0.63	-	-	69.54%
11.56	1.11	(0.12)	0.40	-	(0.52)	-	-	91.60%
10.00	5.71	(34.29)	-	0.02	(34.27)	-	-	100%
38.84	9.53	(5.81)	3.50	0.12	(9.19)	-	-	100%
-	0.60	0.18	0.05	β	0.13	-	-	100%
-	0.30	0.09	0.02	(0.01)	0.06	-	-	100%
-	-	(0.03)	(0.01)	-	(0.02)	-	-	100%
-	-	(0.03)	β	-	(0.03)	-	-	100%
-	-	(0.11)	(0.05)	-	(0.06)	-	-	100%
-	-	(0.11)	0.02	-	(0.13)	-	-	100%
-	-	(0.53)	-	-	(0.53)	-	-	99.96%
-	-	(0.46)	-	-	(0.46)	-	-	99.96%
-	-	-	-	-	-	-	-	0%
-	6.19	(4.12)	(0.29)	-	(3.82)	-	-	0%
-	-	-	-	-	-	-	-	0%
-	0.35	(2.57)	-	-	(2.57)	-	-	0%
-	-	-	-	-	-	-	-	0%
-	β	(0.05)	-	-	(0.05)	-	-	0%
-	-	-	-	-	-	-	-	0%
-	0.42	0.03	-	-	0.03	-	-	0%
-	-	-	-	-	-	-	-	0%
-	-	(0.13)	-	-	(0.13)	-	-	0%

For and on behalf of the Board of Directors of

**IDFC Limited**

CIN: L65191TN1997PLC037415

**Anil Singhvi**

Independent Non-Executive Chairman  
(DIN: 00239589)  
Mumbai, May 20, 2022

**Sunil Kakar**

Managing Director & CEO  
(DIN: 03055561)  
Mumbai, May 20, 2022

**Bipin Gemani**

Chief Financial Officer  
(PAN: AACPG6412A)  
Mumbai, May 20, 2022

**Mahendra N. Shah**

Company Secretary  
(ACS: 4222)  
Mumbai, May 20, 2022

**ANNEXURE 1** **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 B ASSOCIATES AND JOINT VENTURES**

SR. NO.	NAME OF ASSOCIATES/JOINT VENTURES	IDFC FIRST BANK LIMITED	IDFC FIRST BHARAT LIMITED
1	Latest audited Balance Sheet Date	March 31, 2022	March 31, 2022
2	The date since when Associate/Joint Ventures was acquired	October 21, 2014	October 13, 2016
3	Shares/Units of Associate/Joint Ventures held by the company on the year end		
	Numbers of shares/units	2,268,937,489	2,231,998
	Amount of Investment in Associates/Joint Venture	8,354.46	232.40
	Extend of Holding %	36.49%	36.49%
4	Description of how there is significant influence	Associate (see note 1)	Associate (see note 1)
5	Reason why the associate/joint venture is not consolidated	NA	NA
6	Net worth attributable to Shareholding as per latest audited Balance Sheet	7,372.28	28.93
7	Profit / (Loss) for the year		
	i. Considered in Consolidation	139.95	(5.62)
	i. Not Considered in Consolidation	-	-

(i) 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 is under liquidation.

**Note 1:** IDFC FIRST Bank Limited and IDFC FIRST Bharat Limited are Associates of IDFC Financial Holding Company Limited. IDFC FIRST Bank Limited is considered as an associate under IndAS 28. Further, IDFC FIRST Bharat Limited is a 100% subsidiary of IDFC FIRST Bank Limited.

**Note 2:** Delhi Integrated Multi Modal Transit System Limited and Infrastructure Development Corporation (Karnataka) Limited are Joint Ventures of IDFC Foundation. IDFC Foundation, being a Section 8 company, prohibits payment of dividend and repatriation of capital back to shareholders, accordingly, the net realizable value for the Holding Company of the said asset which is held for sale is considered as Nil and the figures for the year ended March 31, 2022 are net of write down of ₹ 105.60 crore which was the carrying value of these JV entities.

**Note 3:** Jetpur Somnath Tollways Private Limited is an Associate Company of IDFC Projects Limited.

**Note 4:** Losses to the extent of investment in Associate have already been fully absorbed, so entity is no more consolidated.

**Rs. IN CRORE**

JETPUR SOMNATH TOLLWAYS PRIVATE LIMITED	NOVOPAY SOLUTIONS PRIVATE LIMITED	DELHI INTEGRATED MULTI - MODAL TRANSIT SYSTEM LIMITED	INFRASTRUCTURE DEVELOPMENT CORPORATION (KARNATAKA) LIMITED ("IDECK")
March 31, 2022	March 31, 2022	March 31, 2022	March 31, 2022
January 11, 2011	March 6, 2017	March 23, 2011	March 23, 2011
42,637,400	227,145	73,045	4,948,505
132.19	35.62	14.73	15.48
26.00%	23.83%	50.00%	49.49%
Associate (see note 3)	Associate	Associate (see note 2)	Associate (see note 2)
See note 4	See note 4	See note 2	See note 2
6.36	2.01	50.07	42.97
-	-	-	-
(0.82)	(0.03)	(10.23)	(2.33)

For and on behalf of the Board of Directors of

**IDFC Limited**

CIN: L65191TN1997PLC037415

**Anil Singhvi**

Independent Non-Executive Chairman  
(DIN: 00239589)  
Mumbai, May 20, 2022

**Sunil Kakar**

Managing Director & CEO  
(DIN: 03055561)  
Mumbai, May 20, 2022

**Bipin Gemani**

Chief Financial Officer  
(PAN: AACPG6412A)  
Mumbai, May 20, 2022

**Mahendra N. Shah**

Company Secretary  
(ACS: 4222)  
Mumbai, May 20, 2022

## 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 MD & CEO to the median remuneration of the employees of IDFC Limited for FY22 was 11x.

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

MD & CEO - NIL  
CFO - NIL  
CS - NIL

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

The median pay increase for eligible employees was 0.5%.

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

There were 6 employees of the Company as on March 31, 2022.

**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;**

Average percentile increase for Managerial Personnel for the last financial year was NIL. Average percentile increase for employees other than the Managerial Personnel for the last financial year was 9%. 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 31st March 2022

[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**  
**CIN: L65191TN1997PLC037415**

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended **March 31, 2022** 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 March 31, 2022 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings#.
- v. The following Regulations and

Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018#;
- d. The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
- e. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021#;
- f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 to the extent of provisions dealing with client and referring to the Companies Act, 2013;
- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021#; and
- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018#;

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

The list of Acts, Laws and Regulations specifically applicable to the Company are given below:

- vi. Reserve Bank of India Guidelines for Licensing of New Banks in the Private Sector, 2013.
- vii. Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential

Norms (Reserve Bank) Directions, 2015.

We have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards issued by the Institute of Company Secretaries of India.
- ii. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ["Listing Regulations"].

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above to the extent applicable. However, the Company did not have requisite number of directors on its Board during the periods from March 26, 2021 to May 24, 2021 and September 23, 2021 to November 08, 2021 as required under Regulation 17(1)(c) of Listing Regulations.

**We further report that -**

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

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



**SECRETARIAL AUDIT REPORT (contd.)**

For the Financial Year Ended 31st March 2022

[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]

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

**We further report that** during the audit period, the Company has undertaken following events/actions in order to simplify corporate structure and maximize value for shareholders of the Company:

- i. The Board of Directors of the Company and the board of directors of IDFC Financial Holding Company Limited at their respective meetings held on September 17, 2021, approved the divestment of its mutual fund business i.e. IDFC Asset Management Company Limited along with IDFC AMC Trustee Company Limited subject to requisite regulatory approvals, as applicable.
- ii. The Scheme of Amalgamation of IDFC Alternatives Limited (Transferor Company-1), IDFC Trustee Company Limited (Transferor Company-2) and IDFC Projects Limited (Transferor Company-3), (wholly owned subsidiary companies) with the Company (Transferee Company) under Section 233 of the Companies

Act, 2013 read with Rule 25 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 was approved by its Members through Postal Ballot on February 06, 2022.

- iii. The Boards of Directors of the Company and the board of directors of IDFC Financial Holding Company Limited at their respective meetings held on December 30, 2021 have given "In-principle" approval for the proposed merger of the Company and IDFC Financial Holding Company Limited with IDFC FIRST Bank Limited.

**For Bhandari & Associates  
Company Secretaries**

Firm Registration No: P1981MH043700

**Manisha Maheshwari**

Partner

ACS No: 30224;

C P No. : 11031

Mumbai | August 24, 2022

ICSI UDIN: A030224D000837228

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



## SECRETARIAL AUDIT REPORT (contd.)

For the Financial Year Ended 31st March 2022

[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]

### ANNEXURE A - TO THE SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2022

To,  
The Members,  
**IDFC Limited**  
**CIN: L65191TN1997PLC037415**

Our Secretarial Audit report for the Financial Year ended March 31, 2022 of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that

the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For Bhandari & Associates**  
**Company Secretaries**

Firm Registration No: P1981MH043700

**Manisha Maheshwari**

Partner

ACS No: 30224; CP. No: 11031

Mumbai | August 24, 2022

ICSI UDIN: A030224D000837228



## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

Pursuant to regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”)

To,  
The Members  
**IDFC Limited**  
4th Floor, Capitale Tower,  
555 Anna Salai,  
Thiru vi kudiyiruppu,  
Teynampet, Chennai,  
Tamil Nadu 600018.

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **IDFC Limited** having **CIN: L65191TN1997PLC037415** and having registered office at 4<sup>th</sup> Floor, Capitale Tower, 555 Anna Salai, Thiru Vi Ka Kudiyiruppu, Teynampet, Chennai, Tamil Nadu - 600018 (hereinafter referred to as “the Company”), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C, Clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company and its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended **March 31, 2022** have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

SR. NO.	NAME OF THE DIRECTOR	DIN	DATE OF APPOINTMENT
1	Mr. Anil Singhvi	00239589	May 25, 2021
2	Dr. Jaimini Bhagwati	07274047	May 25, 2021
3	Ms. Ritu Anand	05154174	August 16, 2019
4	Ms. Anita Belani	01532511	November 09, 2021
5	Mr. Ajay Sondhi	01657614	November 08, 2019
6	Mr. Sunil Kakar	03055561	July 16, 2017

Ensuring the eligibility of / for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

### For Bhandari & Associates

#### Company Secretaries

Firm Registration No: P1981MH043700

#### Manisha Maheshwari

Partner

ACS No.: 30224

C P No. : 11031

Mumbai | August 24, 2022

ICSI UDIN: A030224D000837558



## SECRETARIAL COMPLIANCE REPORT

For the financial year ended March 31, 2022

In terms of the provisions of the Circular No. CIR/CFD/CMD1/27/2019 dated February 8, 2019 issued by the Securities & Exchange Board of India

To,  
The Board of Directors  
IDFC Limited

We, Bhandari & Associates, Company Secretaries have examined:

- a) all the documents and records made available to us and explanation provided by **IDFC Limited** ("the Listed Entity"),
- b) the filings/ submissions made by the Listed Entity to the stock exchanges,
- c) website of the Listed Entity,
- d) any other document/ filing, as may be relevant, which has been relied upon to make this certification, for the year ended March 31, 2022 in respect of compliance with the provisions of:
  - a) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and
  - b) the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include:-

- a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations");
- b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018#;
- c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018#;
- e) Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
- f) Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021#;
- g) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

and circulars/ guidelines issued thereunder including the provisions of SEBI Circular CIR/CFD/CMD1/114/2019 dated October 18, 2019, in terms of Para 6(A) and 6(B) of the said circular;

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

and based on the above examination, we hereby report that, during the Review Period-

- (a) The Listed Entity has complied with the provisions of the above regulations and circulars/ guidelines issued thereunder, except in respect of matters specified below:-

SR. NO	COMPLIANCE REQUIREMENT (REGULATIONS/ CIRCULARS / GUIDELINES INCLUDING SPECIFIC CLAUSE)	DEVIATIONS	OBSERVATIONS/ REMARKS OF THE PRACTICING COMPANY SECRETARY
1.	Regulation 17 of the Listing Regulations: Board of Directors  (1) The composition of board of directors of the listed entity shall be as follows: c) The board of directors of the top 1000 listed entities (with effect from April 1, 2019) and the top 2000 listed entities (with effect from April 1, 2020) shall comprise of not less than six directors.	The Listed Entity did not have requisite number of directors on its Board during the periods from March 26, 2021 to May 24, 2021 and September 23, 2021 to November 08, 2021.	Government of India, Ministry of Finance, withdrew its 02 (two) Nominee Directors from the Board of the Listed Entity on March 25, 2021, pursuant to which the number of directors on the Board reduced from 06 (six) to 04 (four). However, the Listed Entity appointed 02 (two) directors on May 25, 2021 in compliance with the Listing Regulations.  Since the proposal for appointment of Mr. Vinod Rai as Non-Independent, Non-Executive Director on the Board did not receive approval from the requisite number of shareholders in the 24 <sup>th</sup> Annual General Meeting of the Listed Entity held on September 22, 2021, Mr. Vinod Rai ceased to be a Director on the Board with immediate effect. Due to the same, the number of directors on the Board of the Listed Entity reduced from 06 (six) to 05 (five).  However, the Listed Entity appointed 01 (one) director on November 09, 2021 in compliance with the Listing Regulations.

**SECRETARIAL COMPLIANCE REPORT (contd.)**

For the financial year ended March 31, 2022

In terms of the provisions of the Circular No. CIR/CFD/CMD1/27/2019 dated February 8, 2019 issued by the Securities & Exchange Board of India

- (b) The Listed Entity has maintained proper records under the provisions of the above regulations and circulars/ guidelines issued thereunder so far as it appears from our examination of those records.
- (c) The following are the details of actions taken against the Listed Entity/ its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder:

SR. NO.	ACTION TAKEN BY	DETAILS OF VIOLATION	DETAILS OF ACTION TAKEN E.G. FINES, WARNING LETTER, DEBARMENT, ETC.	OBSERVATIONS/ REMARKS OF THE PRACTICING COMPANY SECRETARY, IF ANY.
NONE				

- (d) The listed entity has taken the following actions to comply with the observations made in previous reports:

SR. NO.	OBSERVATIONS OF THE PRACTICING COMPANY SECRETARY IN THE PREVIOUS REPORTS	OBSERVATIONS MADE IN THE SECRETARIAL COMPLIANCE REPORT FOR THE YEAR ENDED	ACTIONS TAKEN BY THE LISTED ENTITY, IF ANY	COMMENTS OF THE PRACTICING COMPANY SECRETARY ON THE ACTIONS TAKEN BY THE LISTED ENTITY
1	<p>Prior to 25<sup>th</sup> March 2021, the Company had six Directors on the Board, which was in compliance with Regulation 17(1)(c) of SEBI LODR Regulations 2015 and all Committees of the Company were duly constituted as per the relevant provisions of SEBI LODR Regulations and the Companies Act 2013.</p> <p>On 25<sup>th</sup> March 2021, the Company has received a letter from the Government of India, Ministry of Finance, Department of Financial Services intimating the withdrawal of nomination of Mr. Anshuman Sharma (DIN:- 07555065) and Mr. Soumyajit Ghosh (DIN:-07698741) as Nominee Directors from the Board of Directors of the Company with immediate effect. Pursuant to the immediate withdrawal of nomination of two Directors, the number of directors on the Board of the Company has reduced from six directors to four directors. Pursuant to Regulation 17(1)(c) of the SEBI (LODR) Regulations, the Board shall comprise of not less than six directors.</p>	March 31, 2021	<p>The Board of Directors at its meeting held on 25<sup>th</sup> May 2021 have appointed Dr. Jaimini Bhagwati (DIN:- 07274047) and Mr. Anil Singhvi (DIN:-00239589) as Additional Directors in the category of Independent Directors, subject to receipt of other regulatory approvals.</p> <p>Hence, the Company has complied with the requirements of Regulation 17(1)(c) of SEBI LODR Regulations, 2015 within the prescribed timelines and the composition of the Board is in compliance with the said SEBI LODR Regulations, 2015 as on the date of this Report.</p>	None

**For Bhandari & Associates**

Company Secretaries

Firm Registration No: P1981MH043700

**Manisha Maheshwari**

Partner

FCS No.: 30224; C P No. : 11031

Mumbai | May 20, 2022

ICSI UDIN: A030224D000354119

### 1. Brief outline on CSR Policy of the Company.

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 activities.

During the year, IDFC carried out CSR activities through 5 NGO's incorporated under the Section 8 of the Act, 2013 (erstwhile Section 25 of the Companies Act, 1956). Details of these NGO's are given below:

- i. Goonj
- ii. Social Action for Manpower Creation (SAMPARC)
- iii. YosAid
- iv. IIMPACT
- v. Indian Cancer Society.

The object of the CSR activities would seek to -

- (a) serve the poor, marginalised and underprivileged
- (b) be sustainable
- (c) meet needs of the larger community and society
- (d) promoting healthcare including preventive healthcare
- (e) promoting education
- (f) disaster relief

The above mentioned 5 NGOs represent public charitable organization registered with appropriate authorities, there is no economic interest flowing to any Board member / trustee and undertook the following CSR activities which fall within the ambit of the activities listed in Schedule VII of the Act.

### 2. Composition of CSR Committee:

SR. NO.	NAME OF DIRECTOR *	DESIGNATION / NATURE OF DIRECTORSHIP	NUMBER OF MEETINGS OF CSR COMMITTEE HELD DURING THE YEAR	NUMBER OF MEETINGS OF CSR COMMITTEE ATTENDED DURING THE YEAR
1.	Dr. Jaimini Bhagwati	Chairman	1	1
2.	Mr. Ajay Sondhi	Member	1	1
3.	Mr. Sunil Kakar	Member	1	1

\*The Corporate Social Responsibility (CSR) Committee was re-constituted on June 09, 2021. As on date, the CSR Committee consists of three Directors namely, Dr. Jaimini Bhagwati as the Chairman, Mr. Ajay Sondhi and Mr. Sunil Kakar as its Members.

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.  
www.idfclimited.com
4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report).  
Not applicable as the Company's average CSR obligation has not more than Rs. 10 crore in the three immediately preceding financial year as per Section 135 (5) of the Act.
5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

SR. NO.	FINANCIAL YEAR	AMOUNT AVAILABLE FOR SET-OFF FROM PRECEDING FINANCIAL YEARS (IN RS. CR.)	AMOUNT REQUIRED TO BE SETOFF FOR THE FINANCIAL YEAR, IF ANY (IN RS. CR.)
1	NA	NA	NA
<b>TOTAL</b>			



6. Average net profit of the company as per section 135(5): - Rs. 31.91 Crore
7. (a) Two percent of average net profit of the company as per section 135(5): - Rs. 0.64 Crore  
 (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: - Nil  
 (c) Amount required to be set off for the financial year, if any: Nil  
 (d) Total CSR obligation for the financial year (7a+7b-7c). Rs. 0.64 Crore
8. (a) CSR amount spent or unspent for the financial year:

TOTAL AMOUNT SPENT FOR THE FINANCIAL YEAR. (IN ₹ CR.)	AMOUNT UNSPENT (IN ₹ CR.)				
	TOTAL AMOUNT TRANSFERRED TO UNSPENT CSR ACCOUNT AS PER SECTION 135(6).		AMOUNT TRANSFERRED TO ANY FUND SPECIFIED UNDER SCHEDULE VII AS PER SECOND PROVISIO TO SECTION 135(5).		
	AMOUNT	DATE OF TRANSFER	NAME OF THE FUND	AMOUNT	DATE OF TRANSFER
0.64	Nil	Nil	Nil	Nil	Nil

(b) Details of CSR amount spent against **ongoing projects** for the financial year:

(1) SR. NO.	(2) NAME OF THE PROJECT	(3) ITEM FROM THE LIST OF ACTIVITIES IN SCHEDULE VII TO THE ACT.	(4) LOCAL AREA (YES/ NO).	(5) LOCATION OF THE PROJECT		(6) PROJECT DURATION	(7) AMOUNT ALLOCATED FOR THE PROJECT (IN ₹ CR.)	(8) AMOUNT SPENT IN THE CURRENT FINANCIAL YEAR (IN ₹ CR)	(9) AMOUNT TRANSFERRED TO UNSPENT CSR ACCOUNT FOR THE PROJECT AS PER SECTION 135(6) (IN ₹ CR).	(10) MODE OF IMPLEMENTATION - DIRECT (YES/NO).	(11) MODE OF IMPLEMENTATION - THROUGH IMPLEMENTING AGENCY	
				STATE	DISTRICT						NAME	CSR REGISTRATION NUMBER
1.	Dignity for Work	Rural development projects	No	Pan India	Pan India	1 year	0.10	0.10	Nil	No	Goonj	CSR00000291
2.	Construction of Jodhpur Study Room, Counseling Room and Library Room with one Toilet	promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups; economically backward groups;	Yes	Rajasthan	Jodhpur	1 year	0.15	0.15	Nil	No	SAMPARC	CSR00003752

	Support for 5 Children of SAMPARC Bhaje, Poynad, and Shel-Pimpalgaon Center	promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement-projects;	Yes	Maharashtra	Pune & Raigad	1 year	0.02	0.02	Nil	No	SAMPARC	CSR00003752
3.	Health care initiatives	Promoting health care including preventive health	Yes	Karnataka	Bangalore	1 Year	0.17	0.17	Nil	No	YosAid	CSR00000713
4.	Development of Statistics on Cancer Incidence & Mortality in Mumbai, Pune, Nagpur & Aurangabad	Preventive Health Care	Yes	Maharashtra	Mumbai	1 Year	0.10	0.10	Nil	No	Indian Cancer Society	CSR00000792
5.	IIMPACT Girl Child Education Program	Promoting education among children / women, promoting gender equality, empowering women	Yes	Bihar, Jharkhand, Odisha, West Bengal, Uttar Pradesh, Rajasthan, Himachal Pradesh, Madhya Pradesh, Chattisgarh, Uttarakhand, Haryana	Sheopur, Pakur, Kandhamal, Uttarakashi, Raigarh, Rajsamand, Prayagraj, Sirmaur, Tehri Garhwal, Puri, Bankura, Mewar, Alwar, Murshidabad, Bundi, Hardwar, Dehradun, South 24 Parganas, Mirzapur, Karauli, Kanpur Nagar, Kanpur Dehat, Patna, Kheri, Shahjahanpur, Hardoi, Khar-gone, Ban-swara, Purnia, Kishanganj, Madhubani, Udham Singh, Nagar, Saharanpur	1 Year	0.10	0.10	Nil	No	IIMPACT	CSR00002935
<b>TOTAL</b>							<b>0.64</b>	<b>0.64</b>				

(c) Details of CSR amount spent against **other than ongoing projects** for the financial year:

(1) SR. NO.	(2) NAME OF THE PROJECT	(3) ITEM FROM THE LIST OF ACTIVITIES IN SCHEDULE VII TO THE ACT.	(4) LOCAL AREA (YES/ NO).	(5) LOCATION OF THE PROJECT.		(6) AMOUNT SPENT FOR THE PROJECT (IN ₹ CR.)	(7) MODE OF IMPLEMENTATION - DIRECT (YES/NO).	(8) MODE OF IMPLEMENTATION - THROUGH IMPLEMENTING AGENCY	
				STATE.	DISTRICT.			NAME	CSR REGISTRATION NUMBER
1.	NA	NA	NA	NA	NA	NA	NA	NA	NA
<b>TOTAL</b>									

(d) Amount spent in Administrative Overheads: - Nil

(e) Amount spent on Impact Assessment, if applicable: Nil

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): Rs. 0.64 Crore

(g) Excess amount for set off, if any: Nil

SR. NO.	PARTICULAR	AMOUNT (IN RS. CR)
(i)	Two percent of average net profit of the company as per section 135(5)	0.64
(ii)	Total amount spent for the Financial Year	0.64
(iii)	Excess amount spent for the financial year [(ii)-(i)]	Nil
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	Nil

9. (a) Details of Unspent CSR amount for the preceding the financial years:

SR. NO.	PRECEDING FINANCIAL YEAR	AMOUNT TRANSFERRED TO UNSPENT CSR ACCOUNT UNDER SECTION 135 (6) (IN RS. CR.)	AMOUNT SPENT IN THE REPORTING FINANCIAL YEAR (IN RS. CR.)	AMOUNT TRANSFERRED TO ANY FUND SPECIFIED UNDER SCHEDULE VII AS PER SECTION 135(6), IF ANY.			AMOUNT REMAINING TO BE SPENT IN SUCCEEDING FINANCIAL YEARS. (IN RS. CR.)
				NAME OF THE FUND	AMOUNT (IN RS. CR.)	DATE OF TRANSFER	
1.	NA	NA	NA	NA	NA	NA	NA
<b>TOTAL</b>							

(b) Details of CSR amount spent in the financial year for **ongoing projects** of the preceding financial year(s):

(1) SR. NO.	(2) PROJECT ID.	(3) NAME OF THE PROJECT	(4) FINANCIAL YEAR IN WHICH THE PROJECT WAS COMMENCED	(5) PROJECT DURATION	(6) TOTAL AMOUNT ALLOCATED FOR THE PROJECT (IN ₹ CR.)	(7) AMOUNT SPENT ON THE PROJECT IN THE REPORTING FINANCIAL YEAR (IN ₹ CR.)	(8) CUMULATIVE AMOUNT SPENT AT THE END OF REPORTING FINANCIAL YEAR. (IN ₹ CR.)	(9) STATUS OF THE PROJECT - COMPLETED / ONGOING
1.	NA	NA	NA	NA	NA	NA	NA	Ongoing
<b>TOTAL</b>								

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year **(asset-wise details)**.

(a) Date of creation or acquisition of the capital asset(s): NA

(b) Amount of CSR spent for creation or acquisition of capital asset.: NA

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.: NA

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset): NA

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5).

**Mr. Sunil Kakar**  
Managing Director & CEO  
Mumbai: August 26, 2022

**Dr. Jaimini Bhagwati**  
Chairman of CSR Committee  
New Delhi: August 24, 2022